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The **CREDIT WORLD**

Only Magazine Devoted Exclusively to Retail Credit

July, 1935 — Vol. XXIII, No. 10



GILES C. DRIVER

New President
National Retail Credit Association

Addresses and
Proceedings

Twenty-Second
Annual Convention



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CHANGE OF ADDRESS: Please notify us promptly of any change of address so that you may not miss any issues. With your new address it is absolutely necessary that you also send us your old one. Entered as second-class matter at the Post Office at St. Louis, Mo., under the Act of March 3, 1879. Published Monthly. Subscription, \$2.00 a year, to members of the National Retail Credit Association only.

This publication carries authoritative notices and articles in regard to the activities of the National Retail Credit Association.



In all other respects the Association cannot be responsible for the contents thereof or for the statements or opinions of writers.

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Every Credit Granter Should Have the 1935 Department Store Group Proceedings

Covering as they do, the basic principles of retail credit—the methods and handling of open and installment accounts, from the opening of accounts to their final collection—the “Department Store Group Proceedings” of the 1935 National Convention contain vital information of untold practical value to every granter of retail credit.

Here you have the composite, practical experience—accumulated through years of hard work and effort—of scores of the outstanding credit executives of the Nation.

By questions and answers, by direct discussions—many of the problems *you* are worrying about were solved by this group.

Here are some of the topics covered:

- Community Credit Policies
- Carrying Charges on Past-Due Accounts
- Charge Account Sales Promotion
- Handling of “Slow-Pay” Accounts
- Reviving of Inactive Accounts
- Control of “Over-Limit” Buying
- Credit Extension and Authorization Methods and Practice
- Installment Selling and Collections (Both “Hard” and “Soft” Lines)
- “Pooled-Loan” Plans for Delinquent Accounts
- Restriction of Purchases on Past-Due Accounts

These proceedings are now in preparation for publication and orders for them will be filled in the order received.

Price, to members, \$2.00; to non-members, \$3.00

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EDITORIAL COMMENT

By L. S. CROWDER

Well Done - - Rochester!

THE Convention Committee of the Rochester Retail Credit Men's Association is to be commended for having spared no effort in its preparation for a successful Convention. The Committee members gave generously of their time, not only prior to but also during the Convention.

Starting with the Night Club entertainment (an excellent "get-together, get-acquainted" meeting) at the Hotel Seneca on Monday evening, followed by supper, Monte Carlo and dance at the Oak Hill Country Club on Tuesday evening, and the delightful banquet on Thursday evening—not to mention the daily entertainment for members of families and guests of the delegates—the Committee was assured from the opening day of the Convention that there would be no doubt about "You Will Like Rochester" becoming the individual slogan of every visitor.

At the banquet, Dr. John Dickinson, Assistant Secretary of the Department of Commerce, as guest speaker, delivered a most excellent address (to be published in the next issue of *The CREDIT WORLD*). The "surprise" speaker proved to be a real surprise: A professional humorist, parading as an English nobleman, who did his job so well that—when called to task by A. E. Maurin of New Orleans for his disparaging remarks about Americans—he had Director Goldman and others sitting on the edges of their chairs, wondering what would happen next! The Floor Show could not have been improved upon and it was followed by dancing into the "wee, small hours."

The banquet and entertainment on Thursday evening provided a fitting climax to what many termed "The Best Convention of the National I have ever attended."

Congratulations, Chairman Berry and members of your Committee!

Convention Highlights

Our Rochester Convention, judged by the interest and enthusiasm manifested, was probably, as many said, the National's best Convention for many years.

It was well attended, more than five hundred of the seven hundred registrations having been from out of town! All lines of retailing, and all sections of this country and Canada, were represented.

Managers of Credit Bureaus and Supervising Collection Departments of the N. C. C. R. C. were present in satisfactory numbers.

The general sessions, from 9:00 to 1:00 daily, were busy ones; subjects were very well handled by the speakers and the interest and enthusiasm manifested by attending delegates were most gratifying.

The addresses will appear in this and the next two issues of *The CREDIT WORLD* and should prove of interest and benefit to those members who, unfortunately, could not attend.

Dr. John Dickinson, Assistant Secretary of the Department of Commerce, delivered a most excellent address, in which he referred in part to the Credit Survey of the Department and what it has meant to the retailers. It will no doubt create new interest in the survey and will bring about a closer cooperation between credit executives and representatives of the Department of Commerce. (Dr. Dickinson's address will appear in the August issue.)

Group meetings, as in the past, were of particular interest to the members, as were the manufacturers' exhibits and our own exhibits of forms and form letters. Members were seen around the N. R. C. A. forms exhibit *as late as midnight*, copying the material!

The Dairy Group, meeting for the first time this year, made a remarkable showing, with 33 present. The two-day session of this group was most constructive and interesting. Representing one of the largest retail industries, this group is expected to more than double its attendance at the Convention to be held in Omaha next year.

Other group meetings and discussions developed worth-while information and the members of the respective groups, who worked intensively, expressed themselves as well pleased with results.

One of the most important steps taken by the Convention was its action in surrendering stock interest in the N. C. C. R. C. and instructing that the Bureaus Holding Corporation be dissolved. This is covered in another editorial.

A Word of Appreciation to Bureau Managers

AFTER accepting the position of General Manager-Treasurer, following the Memphis Convention, and investigating conditions at the National Office, particularly finances, I realized that I must have the whole-hearted support and cooperation of the Bureau Manager members representing large units of the National—as well as that of the rank and file of membership.

Without exception, I found them keenly inter-

ested in the National and desirous of doing everything possible in its "Building for the Future" program.

In the early months it was necessary to ask their assistance on numerous occasions in speeding up the collection and remittance of dues. Without this cooperation it would have been difficult to carry out, without interruption, the program decided upon and to which I had committed myself immediately following the Convention.

To the Bureau Managers, as well as the Credit Executives from whom we received wonderful cooperation, I desire to express my appreciation.

The showing for the year just closed was due largely to your efforts. May the good work continue!

N. R. C. A. Surrenders Stock Interest in N. C. C. R. C.

AT THE Convention held in Washington, D. C., in June, 1932, credit bureau managers made plans to form the National Consumer Credit Reporting Corporation, for the purpose of developing all types of national reporting. To comply with the wishes of a number of credit managers who were of the opinion that N. R. C. A. should control the proposed corporation, the Bureaus Holding Corporation was formed—subsequent to the Washington Convention—and 51 per cent of the stock (nonprofit bearing) of that Corporation was issued to the President, General Manager-Treasurer and Secretary of the N. R. C. A., as Trustees for the N. R. C. A.

At the Memphis Convention last year, the transfer of the Inter-Bureau and Supervising Collection Departments from N. R. C. A. to N. C. C. R. C. was approved.

In view of the action approved at Memphis, transferring the credit reporting and supervising collection activities to N. C. C. R. C., it was considered unnecessary to continue control of N. C. C. R. C.

So, at a regular meeting of the N. R. C. A. Board held at Hotel Seneca, Rochester, New York, on June 17, it was recommended to the Convention that our General Counsel take steps to dissolve the Bureaus Holding Corporation, following which Stock Participating Certificates be returned to N. C. C. R. C. for cancellation.

This action having been favorably received by members of N. C. C. R. C. on June 18, 1935, in regular session, and by resolution unanimously passed by the N. R. C. A. Convention on June 20, 1935, instructions were given to General Counsel McDaniel to proceed with the dissolution of the Bureaus Holding Corporation.

While the approved plan cancels the N. R. C.

A. stock control of N. C. C. R. C., it will in no way affect the relations of the members of the two organizations. The President and General Manager-Treasurer of N. R. C. A. will continue as Directors of the N. C. C. R. C. and the President and General Manager of N. C. C. R. C. will likewise serve as Directors of N. R. C. A.

The same cordial spirit of cooperation will exist between members and personnel of the two organizations; District Conferences and National Conventions will be held jointly, as in the past, and it is expected that all members will evidence the same interest in the success of N. R. C. A. and N. C. C. R. C. as heretofore.

The resolution adopted by the N. R. C. A. Convention at Rochester, in addition to providing for surrender of the controlling interest of 51 per cent of the stock of N. C. C. R. C., concluded with the following paragraph: "Be it resolved, that this Convention pass a vote of confidence and heartily approve the manner in which the N. C. C. R. C. has been conducted—and desires that the pleasant relationship which has heretofore existed, should continue."

There is every indication that the "teamwork" of the past will continue and the two organizations will grow in usefulness and service to the nation's retailers whom they represent.

"Regional Set-Up" Plan Approved

TWO very important amendments to our Constitution and By-Laws were adopted by the Rochester Convention. Probably the most important change in many years was the approval of our "District Set-Up." The approved plan provides for 13 districts with 14 directors elected by National members of the respective districts.

This assures splendid representation for the retailers, both as to locality and lines of retailing. For the first time in the history of the National Association, there can be no criticism of any section of the nation not having representation on the N. R. C. A. Board, nor can there be any criticism that most of the officers and directors are department store men.

Of the officers and directors, 8 represent department stores, 2 public utilities, 2 women's apparel, 1 bank, 1 jeweler, 1 men's wear, 1 dairy, and 1 specialty store (linens).

Prior to the Convention to be held in Omaha (June, 1936) each district will hold its Annual Conference—(attendance in the aggregate should exceed 3,000)—for the purpose of discussing matters of mutual interest to credit executives of that community. At each Conference district officers and directors, likewise a National director and

(Continued on page 8.)

The Community Credit Policy

As Adopted in Birmingham

Retail Credit Code and Community Credit Policy Adopted at a Meeting of Merchants and Credit Managers (of Birmingham, Ala.), Sponsored by the Associated Retail Credit Managers and National Credit Executives Council, Held Tuesday, November 28, 1933

1. All accounts should be opened by the Credit Department and cleared through the Credit Bureau before opening.

2. All "Application for Credit" forms should be uniform in wording. All applicants should be required to sign application card. If application is made by mail, card should be sent to applicant to be signed and returned, carbon copy of letter kept and checked every seven days to see that card is returned. If application is made by telephone, all information and references possible should be obtained and applicant requested to call at the Credit Department to sign Credit Card.

All application cards should authorize the firm taking the application and the Credit Bureau to make any investigation they deem necessary and authorize all other firms to give such information as they may have on the subject.

3. We hereby establish the following as a uniform date for closing customers' ledgers: To leave off the last three business days of each month, billing the transactions on these dates the following month. Exemption to this Section is hereby granted to firms with headquarters in other cities where dates of closing customers' ledgers conflict.

4. No publicity shall be given to omissions, advance dating or deferred billing on any legitimate sale beyond the day on which the goods are delivered to customers.

5. No regular monthly statements should be mailed so as to reach the customer before the first of the month.

6. A second statement *should* be mailed to each customer on the sixteenth of the month if no payment has been made on previous month's charges.

7. All statements should state the terms on which merchandise is sold, such as "Account due first of month, payable by the tenth."

8. A service charge of $\frac{1}{2}$ of 1 per cent shall be made each month on all monthly charge accounts where any of the balance has become sixty days overdue. "Sixty days overdue" means: An account bought in July, which became due August 10, should have two months' interest charged thereon, if unpaid on October 10, and an additional interest charge made the tenth of each month until paid. Service charges on open accounts to become effective February 10, and all customers urged to pay past due balances before that date.

The public should be notified of service charges on overdue accounts, and notices published in all daily newspapers of Birmingham, at least one-fourth page ads, to run at least once a week for eight successive weeks, beginning on or about December 26, 1933.

Uniform inserts are to be prepared by the Associated Retail Credit Managers announcing the inauguration of a service charge in accordance with Section 8; these inserts to be mailed to all customers with statements January 1 and February 1 by all firms signing this code.

9. On merchandise listed below sold on Club or Deferred Payment Plan, where terms exceed three (3) months, the following rules apply:

MEN'S CLOTHING

Suggested Standard Terms: 25 per cent down, balance eight weekly payments.

Minimum terms: 10 per cent down, balance in ten equal weekly payments.

FUR COATS, DRAPERIES, DISHES, SILVERWARE, AND KITCHEN UTENSILS

Suggested Standard Terms: 25 per cent down, balance 6 months.

Minimum Terms: 20 per cent down and six months on balance.

CLOCKS, JEWELRY, STOVES, RUGS, LAMPS AND RADIOS

Suggested Standard Terms: 20 per cent down, balance 6 months.

Minimum Terms: 10 per cent down, balance nine to twelve months, using nine months as the basis and twelve months in exceptional cases.

FURNITURE

Suggested Standard Terms: 20 per cent down, balance 10 months.

Minimum Terms: 10 per cent down, balance 10 to 15 months, stressing the ten-months plan and only allowing fifteen months on exceptionally large bills.

ELECTRIC REFRIGERATORS

Minimum down payment of \$10.00 and balance in 24 months.

A carrying charge of $\frac{1}{2}$ of 1 per cent per month will be charged on the unpaid balance of all merchandise sold on club or deferred payment plan, except where contracts with finance companies are in force.

If it becomes necessary, and the seller agrees to extend the terms of the contract, additional carrying charges will be made.

10. On all "C.O.D. layaways", any deposit made will not be refunded to the customer, but, at the option of the store, may be applied in payment of other merchandise. (Committee to be appointed to draw contract.)

11. We hereby incorporate as a part of this Code, the rules adopted by the Birmingham Merchants Association regarding merchandise returns for credit.

12. Members of the Merchants Credit Association should notify the Association with regular color signals of all chronic returns, allowance seekers or those refusing to pay service charges, and the Bureau should show this information on credit reports the same as it does suits, bankruptcies, etc.

13. "Chronic returners" and "allowance seekers" should have a letter written them explaining that the account is unprofitable and requesting them to make their selections with more care. Letter to be signed by Associated Retail Credit Managers.

14. Realizing the importance of quick and complete credit information in the extension of all credit, we hereby adopt the form below for asking for and giving information:

The Bureau shall give the full name, address and occupation.

- a. You asked for a report on.....date.
- b. You reported on this account on.....date.
- c. You were given as reference but have no record of having furnished you a report.

When information is given, we deem this essential:

1. Account opened.....date or number of years selling.
2. Open or lease account.
3. Highest credit extended within past twelve months.
4. Amount owing at present time and period covered.
5. How pays.
6. Date of last charge.

It is suggested that all out-of-town inquiries be sent to the Associated Retail Credit Managers whose duty it shall be to send a letter to the person applying for credit in out-of-state cities, stressing the advantages of buying at home. This letter to be on the stationery of, and signed by, the Associated Retail Credit managers. (We believe there are over a quarter-million dollars spent each year by the Birmingham public at retail with out-of-town stores.)

Ratings should be furnished the Merchants Credit Association by its members at least once each year on all accounts, both Club and Regular.

The Advantages of A Community Credit Policy

By L. M. KARPELES

Credit Manager, Burger-Phillips Company, Birmingham, Ala.

This is the first of four addresses on this subject delivered at the Twenty-Second Annual Convention of the National Retail Credit Association, Rochester, N. Y. Others—by G. D. Pegler, Iowa-Nebraska Light & Power Co., Lincoln, Neb.; O. L. Pfau, Strouss-Hirshberg Co., Youngstown, Ohio; and J. G. Ost, Cowell & Hubbard Co., Cleveland, Ohio—will follow in succeeding issues.

IT WOULD be most unbecoming and show an entire lack of appreciation, did I not, at the outset of this discussion, pay tribute to the National Credit Executives Council of the National Retail Credit Association, and especially its chairman, Leopold L. Meyer, for the adoption and extension of the Community Credit Policy idea in many cities.

When our retail merchants were making noble efforts to abide by NRA and had not yet realized the accumulative benefits started early in 1933, our association, through Mr. Meyer and his committee, was given a "Symposium on Retail Credit." This, in reality, was a simple rule book, as understandable and instructive as a primary reader or "blue-back" spelling book.

With this inspiration, many local associations formed and adopted, with the counsel of their merchant employers, Community Credit Policies; some very short, others extensive and detailed. Permit me to read a sample agreement as signed by the merchants of Birmingham. (Editor's Note: See text on opposite page.)

This agreement was signed by only twelve retailers, including the six largest. Since that time, others have adopted the policy in whole or in part.

The benefits of the various Community Credit Policies are in direct ratio not only to their contents but also to their original presentation and enforcement.

I have listed a number of rules included in various Credit Community Policies, which are an advantage.

Item 1: The one practically universal item embodied in these Community Credit Policies ("Retail Credit Code," we were prompted to name it in Birmingham) is a service or interest charge on past-due accounts. This charge was not intended to create revenue but in reality it has done this, as will be discussed later. Its purpose was to speed up collections, which it has done to a marked degree.

While the tremendous increase in collection percentages is due in large part to general business improvements, it is an admitted fact that larger increases are enjoyed in those cities which have adopted a Community



Credit Policy. Individual members of our fraternity can cite their own experiences, which include a noticeable tendency on the part of former slow-pay customers to pay promptly in order to avoid or reduce the interest charge on past-due balances. An indirect result of this charge will be a reduction in Profit and Loss accounts, because lax collections lead to lost accounts, due to the rapidly changing employment and economic conditions of this era.

As managers of credit sales we are vitally interested in increasing volume. A paid-up account, or an account in current condition, is as vital to volume

buying as any inducement a store can extend. So the interest charge indirectly invites business.

The interest charge is also an offset to the oft-repeated claim that it costs more to do a charge than a cash business. Some stores maintaining a collection percentage of nearly 50 per cent are collecting over 2 per cent per year on their average outstanding receivables, when charging $\frac{1}{2}$ of 1 per cent per month on balances over sixty days past due.

The buying public has asked, for years, why a cash customer or a prompt-paying charge customer was not entitled to a discount—knowing that it cost a store money to carry slow accounts. This argument has now been offset through this charge on past-due accounts.

Item 2: For many years, merchandise of all kinds was sold on extended terms, variously called Club accounts, Contract accounts, Budget accounts, Lease Sale Contracts, Deferred Payment Plans, etc. This merchandise was sold at cash prices with no penalty for extended payments running from three to twenty-four months.

Many furniture stores and others formerly had excessive mark-ups on their merchandise in order to allow a discount for cash or prompt payment or in order to absorb the carrying cost in the retail price. This merchandise can now be sold on the proper margin—due to the carrying charge made on contract accounts, and without any cash discounts.

Item 3: An ever present source of expense and annoyance is the "Returned Goods Evil." Any Community Credit Policy should provide definite rules in detail controlling unfair demands from unreasonable customers. A time limit on all returns is essential, as is a ban on certain classes of merchandise.

The following rules regarding return merchandise were included in our Community Credit Policy:

We, the undersigned retail merchants of Birmingham, conscious of the proportions of the evil of merchan-

dise returns, are willing and anxious to reduce them by sensible, careful and constructive means. We do hereby enter into solemn agreement to preserve and maintain the following rules and regulations, effective December 1, 1933:

1. No merchandise will be accepted for return after five days, except by special arrangement at time of purchase.

2. No merchandise will be accepted for return without sales check, except on authority of an officer of the company.

3. Style merchandise will not be accepted for credit under any condition after five days' limit.

4. No sanitary articles, such as rubber goods, brushes, combs, etc., will be accepted for credit.

5. No merchandise of any kind which shows definite and clear evidence of having been used or worn will be accepted for credit.

6. No merchandise will be accepted for return without the filling out of a slip showing reason for return.

7. No merchandise that has been altered will be accepted for credit if alterations have changed its resale value. If accepted for credit, customer will pay alteration charges.

8. Yard goods cut from bolt (laces, ribbons, woolens, broad silks, cotton goods, linens) will not be accepted for credit, except at a discount of 10 per cent.

9. Gifts of all kinds will be accepted only in exchange for other merchandise and will not be credited on the account of the person receiving the gift.

10. A clearing house of customers' records will be established. Records will be circulated among merchants of customers making unjust claims and customers who habitually abuse return privileges.

PLEASE DO NOT RETURN GOODS UNNECESSARILY.

These rules were advertised in newspapers, and facsimile copies are posted in conspicuous places in all stores.

Item 4: Standard practice in opening new accounts is desirable and necessary. The protection to the creditor assured by a signed credit application is most important. By this, there can be less disputes and surer collection of accounts, besides an acknowledgment of terms and credit policies. An additional advantage can be gained through certain exemption waivers and suit and collection clauses. In fact, a standard application card is very effective.

Item 5: Uniform closing date

(and uniform date for mailing of monthly statements) has impressed customers with the concerted action of all credit departments. This plan eliminates the practice of some stores advertising early closing of bills, and elimination from billing of special sales events, some of which were formerly held even in the middle of the month. No store gets any advantage of early mailing.

Item 6: For many years, we have endeavored to establish a uniform statement of credit terms. Such an agreement can now be made, as example, "Purchases made one month are due and payable by the tenth of the following month. Balances ——— days past due are subject to interest charge." This clause on all monthly

(Continued on page 31.)



In conformity with the wishes of our President, who seeks to make CREDIT a convenience for the masses . . .



RETAIL CREDIT ADOPTS ITS CODE

Credit is a helpful instrument only when regulated for the benefit and protection of both DEBTOR and CREDITOR. Therefore, for the sole purpose of safeguarding your interests, as a buyer (debtor) the following code, or regulations governing credit, has been adopted at a meeting of MERCHANTS AND CREDIT MEN. This meeting, held November 28, 1933, was sponsored by the ASSOCIATED RETAIL CREDIT MANAGERS and NATIONAL CREDIT EXECUTIVES COUNCIL:

1. All accounts should be opened by application to CREDIT MANAGER instead of making request to unauthorized clerks. This will insure accurate information and promptness in securing an account.

2. All Birmingham stores will CLOSE THEIR BOOKS on a uniform date so that purchases made THREE DAYS before the end of the month will appear on next month's bill.

3. It is deemed wise for all stores to mail a second statement on the 16th of the month if no payment has been made on previous month's charges. This should be accepted as a REMINDER and in no way a reflection on your integrity.

4. AND THIS IS IMPORTANT: a service charge of one-half of 1% shall be made on all monthly charge accounts where any of the balance has become 60 days' overdue. December purchases become due on Jan. 10th and become 60 days overdue on March 10th. On such accounts additional interest charges will be made monthly until paid.

5. SERVICE CHARGES (one-half of 1% per month) becomes effective on MARCH 10th, 1934, and will immediately apply to all accounts that are 60 days past due. It is the desire of all CREDIT MEN to avoid the application of these charges. This can only be done through prompt pay.

6. A carrying charge will be added on the unpaid balance of club or deferred accounts for merchandise SOLD AFTER MARCH 10th, 1934. If it becomes necessary, and the seller agrees to extend the terms of the contract, additional carrying charges will be made.

7. On all C. O. D. "LAY-AWAY" purchases that are not paid out, the customer forfeits deposits except at the option of the store which may apply same toward purchase of other merchandise.

8. The rules governing the return of merchandise, recently adopted by the BIRMINGHAM RETAIL MERCHANTS ASSOCIATION shall automatically become a part of this code.

Newspaper Ad (Reduced) Announcing Birmingham's New Policy

Selling All Types of Merchandise On the Time-Payment Plan

By WARREN G. FINNAN

Credit Manager, L. Feibleman & Co., Inc., New Orleans, La.

YOU will recall that several years ago there was considerable discussion and controversy as to the advisability of installment selling and whether it met a definite need in the economic system of merchandise distribution. During the past several years, the soundness of installment selling has been greatly pronounced as evidenced by the tremendous increase of installment sales of practically every known commodity. We have seen sales of electric refrigerators, radios, washing machines, automobiles—other highly perishable commodities such as automobile tires, clothing, and many other items—sold on the time-payment basis with comparatively small losses notwithstanding the unsettled economic situation which has prevailed during the past several years.

We can determine that the selling of practically all classes of merchandise on an installment basis has proved beneficial not only to the merchants, through considerably increased sales volume, but also to the buying public who are able to enjoy some of the necessities and little luxuries of life which make the home more enjoyable. Very few of us would own such "necessary luxuries" as automobiles, radios and electric refrigerators were it not for the system of time payments. Installment selling (or the "Budget Plan," as it is known in our store) has, in my opinion, done more than any other one thing to raise our standard of living to its present high level.

These few words on installment selling lead me to the subject of our discussion at this time. Many stores throughout the country, especially men's stores, have been selling men's clothing on the so-called "Ten Pay" plan. Other stores, for years, have sold women's expensive dresses and coats on deferred terms, affording increased sales volume for the various departments selling this type of merchandise.

Editor's Note:

This is the first of four addresses on this subject, delivered at the Twenty-Second Annual Convention of the National Retail Credit Association, Rochester, N. Y., June 18-21, 1935.

The others—by R. S. Smith, Montgomery Ward & Co., Chicago; W. S. Hull, Hecht Brothers, Baltimore; and Ira G. Bloom, Stix Baer & Fuller Company, St. Louis—will appear in succeeding issues.

However, in recent years, the store-wide "Budget Plan" has made its appearance and each day many other stores are putting into effect this means of increased volume. Some few stores have been selling on this basis for many years but the need for added volume was instrumental in its general promotion in recent years.

The store-wide Budget Plan has been in existence in our store for more than two years. Thus far, it has proved very profitable and is the means of considerable added volume. In the past we could sell a customer the regular items of installment merchandise such as radios, furniture, electric refrigerators and other household furnishings, but were not in position to sell many of the same customers—who enjoyed a prompt paying record—any other items of miscellaneous merchandise except for cash, because they were not eligible for charge accounts.

There are many good customers who are eligible for installment accounts of reasonable amounts, but do not represent sufficient responsibility for monthly charge accounts. In order to keep these customers for the store, means were devised to arrange credit accommodation on all classes of merchandise for these customers. This class of account we term our store-wide Budget Plan.

It is quite true that there is more hazard in selling (on an installment basis) merchandise of a highly perishable nature than there is in selling "hard lines" of merchandise on deferred terms. (By "hard lines" I refer to such items as electric refrigerators, radios, furniture, etc.) However, *if the policy governing the selling of perishable merchandise on installment basis is founded on sound business principles*, a very profitable business can be built up by Budget Plan selling.

When referring to "sound business principles," I mean that *an adequate financing or carrying charge should be added to the order to cover the entire cost of handling*. This is, of course, also true in the handling of any class of installment account. In the handling of Budget Plan accounts, certain fundamentals of credit granting must, naturally, be observed in the same manner as the handling of other accounts. The basic principles and fundamentals of credit control as outlined by Colonel Blackstone (see article in this issue) should, of course, be carried out in handling Budget Plan accounts.

I should like to discuss with you the different steps in handling Budget Plan accounts and give you a brief outline of the procedure followed in our store. First, I refer to the application: At the time of application, complete information should be received from the customer, *especially information covering previous addresses, employment and personal references*. Particularly important is the obtaining of adequate information which will assist in locating the debtor in event of a "skip." We have found by virtue of our experience that a large proportion of our losses on Budget Plan accounts is due to "skips."

The application should be carefully drawn up to contain complete information concerning the responsibility of the prospective customer. The manner in which the application is taken and the amount of information contained therein is, in my estimation, *the most important*

function of handling Budget Plan accounts. Of course, this also obtains in handling all classes of credit accounts. Likewise, the subject of terms of payment and limit is very important and should be given careful consideration.

Ordinarily customers (as a class) who apply for Budget Plan accounts for purchases of wearing apparel and miscellaneous items of merchandise do not represent the necessary responsibility for monthly charge accounts (due to small incomes) and must of necessity, avail themselves of this type of buying. Because of this fact, the amount of credit should be carefully considered, inasmuch as it is advisable due to the nature of the merchandise sold on Budget Plan basis, that the contract life be limited not to exceed three months.

The amount of the monthly or weekly payment should be carefully considered in approving credit. Due to the short term life of the contract, the monthly or weekly installments are quite high—even on relatively small orders. It is, therefore, advantageous to require substantial deposits or down payments, *of not less than 20 per cent of the total order*, so as to reduce the terms and enable the customer to meet payments promptly.

The method of bookkeeping should, of course, be considered carefully and it should be borne in mind (at all times) to keep the expenses of handling at a minimum in order that the amount of carrying charge will cover the entire cost.

In considering the methods to be employed in handling Budget Plan sales, one should also consider the fact that the average store-wide Budget Plan orders cover many small items and the arrangement for handling should eliminate any unnecessary detail work.

I will attempt to explain briefly the procedure in our store in handling this type of sale. The customer, when making selections, is handed (by the salesclerk) a transfer slip which shows the division number, salesclerk's number and amount of purchase. This information is to be filled in by the salesclerk. After the customer has completed her purchases in the various departments, the transfer ticket is brought to the Credit Office by the customer where application is made.

The application clerk figures the total order, amount of deposit, carrying charge and monthly or weekly payments. This is done while the customer is at the application desk. The payments are figured in even amounts such as \$5.00, \$5.25, \$5.50, etc. The customer's signature is obtained on a contract which is filled in by the application clerk. This contract shows the amount of sale, terms of payment, and other necessary information. We use the National Cash Register Posting Machine in the handling of our Budget Plan accounts, and the contract signed by the customer also serves as our ledger card. The contract is written on one side and the reverse side is used as our ledger.

It is needless for me to stress the importance of a close collection follow-up on this type of account. We allow five days after the due date for the payment to be received. If it is not received by that time we begin follow-up of the account for collection and continue our collection effort every ten days until payment is received or until such time as settlement of the account is brought to a conclusion. (Time will not permit a complete explanation of our collection procedure but I shall be very glad to explain it more fully to anyone interested.)

While we are on the subject of collections, I would like to digress for a moment and say that we have a rather unusual arrangement for handling some of our *delinquent charge accounts*. When we run across a delinquent account (due to overbuying or one reason or another) and it is evident that the customer cannot pay the full amount of the account, we get the customer into our office and transfer that delinquent charge account to a club plan basis, obtaining a 20 per cent deposit, the usual carrying charge, and handling that account in the same manner as we do our regular Budget Plan accounts.

We have been doing that for over two years, and it has been highly successful. The customers appreciate the fact that we are removing their names from our delinquent ledger and placing them on a current basis in the budget plan.

In conclusion permit me again to stress the importance of careful consideration of the following points in outlining a credit policy for handling Budget Plan accounts.

1. Complete information from the customer.
2. Complete credit bureau reports.
3. Sufficient carrying charge to cover expenses.
4. Sufficient down payment or deposit.
5. Close collection follow-up.

"Regional Set-Up" Plan Approved

(Continued from page 3.)

alternate National director, will be elected. Such newly elected National directors will automatically take office immediately following the Omaha Convention.

Another important change in the Constitution and By-Laws provides for the nomination and election of four "Directors-at-Large." This will enable the Association to have on its Board of Directors, at all times, men experienced in the affairs of the National, most likely former members of the Board.

It will also continue interest in National elections, inasmuch as the Officers and the Directors-at-Large will be nominated as heretofore and elected by the National Conventions.

Try the "Blue Book" of Credit and Collection Letters

Nearly 3,000 Copies in use by Members!

SPECIAL PRICE \$1.00 POSTPAID

(To members only; to nonmembers,
\$1.50 postpaid)

Order from National Office

Report of the Retiring President

IMMEDIATELY following adjournment of the Memphis Convention, a survey of the (then) status of the National Association was made. This for the purpose of outlining constructive plans which it was evident would have to be done if we were to rebuild the National Association on a solid foundation.

It was first recognized that the National Association occupied a most important position in the commercial structure of the nation. Particularly did this refer to the retail situation. Emerging as we were from what was said to have been our most devastating panic, we recognized the necessity of rebuilding the National along lines of the then present-day requirements.

The old order of things had apparently passed out. It was obvious that in our rebuilding process we would quite naturally have to rebuild in accordance with the newer order of things.

Your Board of Directors realized from the beginning that there had developed a *greater need* than ever for a *greater National*. It was obvious that the duties and problems with which we were confronted, more than ever in our history, were of such nature that an immediate need for a greater National was quite pressing.

Recognizing the situation from this angle, your Board of Directors immediately proceeded to build. Our first undertaking was that of arranging for the necessary financing of the National Association for the ensuing year. Preparation of a workable budget was necessary. The selection of a Finance Committee of outstanding capabilities (one which would work) was the first order of business. This situation was quickly solved by the selection of Mr. Russell H. Fish, The May Company, Denver, Colorado, as Chairman of this all-important committee, together with Mr. L. T. Pease, Ovington's, New York City, and Mr. M. G. Riley, Merchants Association Credit Bureau, Kansas City, Missouri.

Our Finance Committee has been most painstaking in its efforts. There have been complete cooperation and harmony between members of the committee and the National Office. Suggestions of the committee were at all times given every consideration by General Manager-Treasurer Crowder and, as a result of closely coordinated efforts, all requirements were met in a very satisfactory manner.

Our next duty was that of purging our membership records for the purpose of eliminating therefrom any and all "dead" memberships. The next step was to quickly bring to date our receivables. Then, the launching of a nation-wide membership campaign. These duties completed, we next recognized the necessity of mechanical equipment for the National Office. It was learned, in time, that our office had practically nothing along these lines, and to add to the seriousness of the situation there was no money available with which to purchase the necessary mechanical equipment. However, General Manager-Treasurer Crowder solved the situation most satisfactorily. The methods used by him at the time are now a matter of history.

We next looked into the matter of The CREDIT WORLD. It was quite obvious that our official organ needed dressing up (and in a big way). Plans were immediately laid to contact outstanding men from whom we might expect to obtain valuable, constructive contributions—contributions which would bring to credit men and executives throughout the nation, practical information concerning the "modus operandi" of credit depart-

ments, etc. During the past ten months, as you will admit, The CREDIT WORLD has been outstanding and has brought to you much valuable information—information which executives and credit managers alike actually needed.

Tying in with this particular arrangement, our Research Department was inaugurated. This Department, under the management of our Research Director, Mr. Hert, has brought to our members valuable statistical information covering collections, trends, etc. This Department alone has made The CREDIT WORLD an outstanding business magazine.

To Mr. Daniel J. Hannefin, our Associate Editor, we owe much. It is due to his high qualifications as a newspaper man that the material used in The CREDIT WORLD has been properly placed, spaced, etc. Too much credit cannot be given Mr. Hannefin.

The matter of contacting practically every important organized center of the nation was next gone into. The matter of regional conventions had to be given consideration. The question of our ability to make necessary contacts was one of apprehension, for it was obvious that General Manager-Treasurer Crowder could not cover the entire country and the time of your President was more or less limited.

However, this situation worked out very satisfactorily. The Retail Credit Men's Association of Denver granted your President time necessary for him to make contacts in the Far West and Pacific Northwest. Mr. Crowder arranged his affairs so that he was able to spend much time on the road. During our administration we succeeded in covering practically every section of the nation. We were, of course, assisted in a big way by regional and local chairmen, membership committees, etc.

Without going into exhaustive detail as to accomplishments and statistics regarding membership work, etc., suffice it to say that this information will be brought to you in due course through the columns of The CREDIT WORLD.

Your Board of Directors, at the beginning, recognized a duty which had to be performed. They put forth sincere, conscientious efforts to the end that our National Association has in actuality been rebuilt and, we believe, on a stronger and firmer foundation than ever. Credit for our accomplishments should go to your National Board of Directors, General Manager-Treasurer Crowder, to the employees of the National Office, for their sincere cooperation, and to our various committees and committee chairmen.

Throughout the entire situation our bureau managers responded to our needs in a most constructive, wholehearted, cooperative manner and are due much recognition. To all of these gentlemen with whom we have had the pleasure of working, during the past year, do we say, you are graduates "*cum magna laude*"!

We approach the future with confidence. Confidence—first in the Government of the United States—in the great business structure of our nation—in the great retailing interests which we serve and—last but not least, in our thousands of capable, sincere credit executives and bureau managers.

With this force back of us we know that the future of the National is assured!

Respectfully submitted,
CHARLES M. REED, President.

June 14, 1935.

More Business from Present Customers

By DEAN ASHBY

Manager of Credit Sales, M. L. Parker Company, Davenport, Iowa

IT IS almost a self-evident fact that it is less costly to sell a large quantity of merchandise to one customer than it is to sell a large number of customers each a smaller amount. For much the same reason, the cost of promoting extra business from a customer who is already a steady patron of your store is materially less than that of soliciting business among people who have

Editor's Note:

This, the first of four addresses on the subject delivered at the Twenty-Second Annual Convention of the National Retail Credit Association (Rochester, N. Y., June 18-23, 1935), has been condensed because of space limitations.

The other addresses—by Erwin Kant, Schuster's, Milwaukee, Wis.; O. W. B. Brown, Lansburgh's, Washington, D. C.; and Rufus T. Stephenson, Garland's, St. Louis, Mo.—will follow in forthcoming issues.

not formed the habit of shopping there—whose shopping habits are moulded in a different direction and who, for one reason or another, rarely enter your store—as opposed to your active charge customers who come in regularly at least once a month.

In order that a store may go about the work of promoting additional business from active accounts in an intelligent and productive way, it is imperative that more information be obtained about these accounts. It is not sufficient to know *who* your charge customers are and *where* they live. The information of greatest importance to the store is: What does the individual customer buy, which departments in your store does she patronize, and in which departments does she rarely or never make purchases?

The assembling of this information fits most readily into the work of the credit department because it is this department which controls the material from which such data may be acquired. It is the credit department, then, which can most easily and thoroughly take over the work of maintaining a simple yet complete system of "customer control" by means of which promotional effort can be directed into the most productive channels.

Present-day analysis reveals the following very astonishing information regarding the buying habits of charge customers in the average store:

Sixteen per cent of the average store's customers buy 49 per cent of the goods sold; 24 per cent purchase 28 per cent, while the remaining 60 per cent buy only 23 per cent of the total!

The proper use of Customer Control will create a much more favorable analysis of your accounts.

The Maintenance of "Customer Control"

The mechanical details of maintaining a customer control system which is complete enough for all practical purposes are relatively simple. Actual experience has shown that the work of assembling and tabulating all necessary data as well as maintaining complete records for 10,000 accounts will consume only about half the time of one office clerk. The remainder of this clerk's time can be utilized in the detail work of scheduling promotions, personalizing direct mail, and tabulating the results of each promotional effort.

The application of the customer control system for the purpose of stimulating sales has many interesting phases. The information which such a system will provide is invaluable in many ways. It opens up what is practically a limitless field for sales-promotion work among the class of people from which your store has the greatest right to expect additional business: Those customers who patronize certain departments constantly, but never make a purchase in other sections of the store.

The "customer control" card used is reproduced with this article. It is a special punched card (5" x 8"). Opposite the punchings are the department numbers and other classifications. Whenever a purchase is made, a slot is made in the card. Three lines of punchings provide space for a three-year record.

On this card, for instance, purchases are shown for 1933, 1934, and 1935 in one department; for 1933 and 1934 in another; and for only 1933 in two other departments.

The Application of Customer Control

Having recorded the necessary information on your Customer Control, the proper application of this record to building increased sales, will prove the value which

"16% Buy 49% of Goods Sold!"

"Present-day analysis reveals the following astonishing information about buying habits of charge customers:

"16 per cent of the average store's customers buy 49 per cent of the goods sold.

"24 per cent purchase 28 per cent while the remaining 60 per cent buy only 23 per cent of the total.

"The proper use of Customer Control will create a much more favorable analysis. . . ."

can be placed on this phase of responsibility of the credit department.

You have only those accounts in your Customer Control that are in good standing and have indicated by their purchases and prompt payment of their obligations, that they are the best customers of your store. *Why not let them know it?*

Here is an example of the type of good-will promotion which the credit department may sponsor:

On December 31, 1934, the following letter was sent to all customers in the Customer Control at that time:

"You will probably be surprised to have a letter from our Credit Department. Of course the reason a customer like you does not hear from us is that your account is never past due. Your charges are always accepted with a welcome feeling of pleasure, quickly approved, and given our most prompt attention.

"In most offices the slow-pay customers get most of the Credit Department's attention and the prompt-pay customers are apparently unnoticed and unappreciated. We feel that this should not be so, and we hope you will regard this expression as but an indication of our continuous appreciation and regard.

"Your account is valuable to us, and we want you to know we appreciate the splendid patronage you have given us. We hope to have you continue the use of your account to the fullest extent during this New Year, 1935, and many years to come.

Yours very sincerely,

The response to this letter was far beyond our hopes. It was discussed by the public in general. Ladies attending parties made it a point to comment favorably on the real sincerity of it and give the store a boost for the interest shown in its customers.

Numerous letters, personal calls and telephone calls, in response to this letter were indicative of the tremendous amount of good will it was building for the store. Many stated that they had never received a letter of this kind from any other business house, although they had always paid their obligations promptly.

Another interesting result is that of increased buying on these accounts during 1935, which so far exceeds the average for the previous year. For example, one lady who received one of these letters, told us the following story:

She and her husband were at the dinner table the evening of the following day.

She handed him the letter and this conversation followed:

She: "John, what do you think of this bunk?"

He (reading it carefully and becoming very serious): "Say, Mary, has any other store ever taken time to write you a letter like this?"

"No." "Have you given this store much business during the past year?"

(Continued on page 30.)

NAME		ADDRESS	
33-SHOES SPR	HOUSE FURN.	47	
33-SHOES FALL	DRAPERIES	48	
46-HATS SPR.	WASH GOODS	53	
46-HATS FALL	SILKS	72	
86-DRESSES SPR.	BEDDING	65	
86-DRESSES FALL	CHINA	36	
UP TO \$25	LINENS	-80	
\$29.50 TO \$49.75	M. CLO. SPR	41	
55-COATS SPR.	M. CLO. FALL	41	
55-COATS FALL	M. FURN	-30	
OVER \$75	M SHOES	85	
91-HOSIERY SPR	GIRLS SPR.	32	
91-HOSIERY FALL	GIRLS FALL	32	
28-GLOVES	BOYS SPR.	54	
39-CORSETS	BOYS FALL	54	
42-62 UNDERWEAR	INFANTS	43	
87-TOILET GOODS	SILVERWARE	27	
40-HAND BAGS	FURNITURE	-67	

EXP. MERCH.
70 FURS

Patent applied for
PICK-QUICK CARD SERVICE, INC.
 CHICAGO
 M. L. PARKER COMPANY
 DAVENPORT, IOWA

OUT OF TOWN

DO NOT NOTCH
DO NOT NOTCH

Customer Control Card—M. L. Parker Company

CREDIT DEPARTMENT LETTERS

**[A New Department - Devoted to Credit Sales Department]
[Correspondence - Conducted by Daniel J. Hannefin]**

I NSTALLMENT selling, once looked upon as the "stepchild" of retail credit, has come into its own. It is now recognized as an important factor in retail merchandising. In fact, four very able credit executives, at the Rochester Convention, conducted very enlightening discussions on its application to *all types* of merchandise.

In other years, many credit executives had a distinct aversion to installment credit, *as such*. Yet they permitted many of their customers to open regular charge accounts and then to make partial payments on their accounts which, in the long run, really put them in the category of installment accounts.

Another feature of credit methods of other years was the attitude toward installment customers. In some stores, they seemed to be "just tolerated." If payments were not made on the due date, they were virtually told to "pay up or else."

In the newer method of handling installment accounts, *credit education* is being used to obtain prompt payment—just as in the handling of regular charge accounts.

A little out of the ordinary is the letter (*Figure 1*) used by a real estate rental agent. Notice how that letter checks up on the tenant who was late with his rent payment. No blustering—but a straightforward restatement of terms and a courteous reminder that "rent day is our pay day" (taking a leaf from the oft-repeated assertion that "the tenth of the month is merchants' pay day").

Figures 2, 3 and 4 (on the opposite page) are first and second notices used by department stores for overdue payments on "Deferred Payment" accounts. They are reproduced here because of their courteous yet firm insistence on payment according to terms.

Another unusual letter is that of the Bishop Furniture Company (*Figure 5*). You will notice the effective reference to the contract clause making provision for collector's fees.

Also note the adroit use of psychology in referring to the embarrassment of having a collector call at the home. (*This is a thought that can be used effectively even in the collection of past-due open accounts.*)

Urging "Paid-Out" Customers to Buy

Dean Ashby, in his address before the National Convention, "More Business from Present Customers," explained his method for building more business from budget account customers. Sending

a letter to Budget Plan customers whose accounts are practically paid up, he offers to place new purchases on the same contract. (His talk on this subject was so "full of meat" it was unfortunate that lack of space prevented its publication in full.)

This plan, he says, keeps a large percentage of these accounts active after the original contract has been paid out.

"It appeals," we quote, "to a class of people who are reluctant to open a regular charge account yet are of the type who meet their obligations and appreciate the opportunity to buy more merchandise on this plan."

The letter used is shown in *Figure 6*. Again we quote:

"An actual test of this plan, using this letter, revealed that 16 per cent of the customers so solicited bought additional merchandise, purchases ranging from \$10 to \$400."

"Very Good Results With N. R. C. A. Inactive Account Stickers," Says Louis Selig

"We use these N. R. C. A. inactive stickers on our inactive statements each month and have had very good results," Louis Selig, Credit Manager-Controller of Rosenfield Dry Goods Co., Baton Rouge, La., told the Department Store Group Conference at the National Convention last month.

Why don't you give them a trial?

Inactive Account Stickers

For use on statements showing no purchases during the month. Printed in one color (maroon) on white gummed paper.

Price, \$2.00 per 1,000. Order from your credit bureau or the National Office.

You Don't Owe Us a Cent!

Yes! We've noticed it and we hope you will use your charge account this month.

Your Patronage Is Appreciated!

© 1934, N. R. C. A.

Your Account Is Balanced!

This is just a reminder that we missed you last month.

Use Your Charge Account!

© 1934, N. R. C. A.

We Missed You Last Month!

Anything wrong? If so, please give us a chance to correct it.

We Value Your Patronage!

© 1934, N. R. C. A.

SHRYOCK REALTY COMPANY

LOANS
REAL ESTATE, RENTALS, INSURANCE
109-111 WEST TENTH STREET
KANSAS CITY, MISSOURI

①

In referring to your account, we notice that last month you did not send your check till

When this place was rented to you, it was with the understanding your rent was due and payable in advance.

Rent is like your pay check, when it is due, the landlord like you, wants it, so he can pay his bills.

Your rent day is our pay day. Won't you attach your check to this letter and return to us by next mail.

Yours very truly,
SHRYOCK REALTY COMPANY.

By
B. F. Phelps, Credit Manager.

BFP:LMH



23 CHINA AVE. N. W.
1 BLOCK SOUTH BOARDWALK

Bishop Furniture Company

Grand Rapids, Michigan

⑤

Your account in our files is marked for "Collector's Call". The contract which you signed with us reads in part as follows:

"I agree to pay the Bishop Furniture Company at their office all payments as they fall due, or 25¢ for each collection with interest at six per cent (6%) per annum on all past due payments from date of maturity until paid."

For your credit protection and to save you the extra expenses involved in the collection of your account, we will eliminate this part of your contract, provided you stop in our office at once and arrange some definite plan of liquidation.

A collector's call at your home may be embarrassing to you, your neighbors might see our collector, and the cost of his collecting will have to be borne by you. Under the above arrangement you gain considerably.

Please protect your interest by seeing us at once regardless of whether you can pay now or not. You will always find us ready and anxious to help you, if you will cooperate.

Very truly yours,
BISHOP FURNITURE COMPANY

MBP:RS

Collection Department

P.S. The offer in this letter is contingent upon your personal call within the next few days.

MAY we direct attention to your LEASE CONTRACT account as indicated, which has probably been overlooked.

Krege Department Store, Newark
NOTE—If this account has been paid since the date indicated, kindly disregard this notice.

193	193
Date	Amount
STATEMENT OF PAYMENTS IN ARREARS ON YOUR	
CONTRACT NO.	
As of _____ 193	
TOTAL	

②

A (For your own protection, remit by check, bank draft, express or postal money order).

Second Overdue Notice

By the terms of your Lease Contract, your account still remains unpaid, as indicated. Your prompt remittance is earnestly requested.

Krege Department Store, Newark
NOTE—If this account has been paid since the date indicated, kindly disregard this notice.

193	193
Date	Amount
STATEMENT OF PAYMENTS IN ARREARS ON YOUR	
CONTRACT NO.	
As of _____ 193	
TOTAL	

③

B (For your own protection, remit by check, bank draft, express or postal money order).

Milwaukee, Wis.

You have not replied to our previous notice calling your attention to amount due on your DEFERRED PAYMENT ACCOUNT. Under the terms of the contract you agreed to pay promptly on a specified day of each month.

Is there any reason why we should not receive an immediate remittance of the amount past due?

ALWAYS—
Refer to file number
K-8

Very truly yours,
GIMBEL BROTHERS, INC.

④



M.L. Parker Company

DEPARTMENT STORE
DAVENPORT, IOWA

March 18, 1935.

⑥

Dear Mrs.

We want you to know how much we appreciate the prompt and business like way in which you have met the payments on your Budget Account, which is nearly paid out. Customers like yourself who regard their business obligations as a responsibility are very much appreciated.

We would be pleased to have you add to your Budget Account before it is entirely paid, without your having to make a cash payment. You may purchase your household needs and we will charge it to your Budget account, transferring the entire amount to a new contract.

Yours very truly,

D. Ashby
D. Ashby

BA:JS

Retail Credit Sales Control

By FRANKLIN BLACKSTONE

Credit Manager, Frank & Seder, Pittsburgh, Pa.;
Past President, National Retail Credit Association

CREDIT SALES CONTROL is not a new subject to the National Retail Credit Association. In 1921 and 1922, a committee under another name, of which I had the honor to be Chairman (which contained on its roster some of the then most brilliant names in the history of the National Association), presented a report, printed and in good order, that appealed to the retail merchants of the country and those other executives who were keen to take advantage of it. The report contained the most important information relating

Editor's Note:

This article, condensed from an address at the Twenty-Second Annual Convention of the National Retail Credit Association—Rochester, N. Y., June 18-21, 1935—is the first of three on this subject.

The others—by G. D. Hill, Pfeifer Brothers, Little Rock, Ark., and S. E. Edgerton, Broadway Department Store, Los Angeles, Calif.—will be published in succeeding issues.

to Retail Credit Sales Control and the operation of credit departments, giving various systems and methods of independent operation. It was the most valuable contribution on that subject that had appeared anywhere, up to that time.

It is but natural that, during the years since 1922, there have been many changes in retail credit sales control and many elements of subsidiary influence, some satisfying and some annoying, but the fundamental principle has remained the same.

Retail Credit Sales Control begins at the very moment a request for credit is presented to a credit department, irrespective of whether that request is made in writing, in person by the individual desiring the credit, or by a representative of that person.

As has been known for many years (to retail credit managers and their assistants), the first fundamental principle of credit sales control is that of securing the complete name of the individual seeking credit and that of the husband or wife, if it should happen to be a person who is married. Even though this requirement has been known for decades, credit bureau bulletins are replete with statements that it is not being done.

An explanation might be given here—that is, names are frequently submitted to credit department employees and even credit managers, when the customer or the applicant for credit has not been at the credit department and, in a case of that kind, it is but natural for the credit manager or his assistant, detailed for that purpose, to make a request for a report in the name and at the address given to him.

The second fundamental principle of retail credit sales control may be properly designated as an elusive and intangible proposition based entirely upon the financial ability of the applicant and his willingness to pay. In many stores, financial ability to pay may be reflected, in the great majority of cases, by the high standard of the store and the higher classification in which its clientele belongs.

In other stores, wherein the classification of clientele would be more cosmopolitan and not so select, the second fundamental of credit sales control should be operative from the time of original contact—in that the "Amount of Credit Desired" should be ascertained in a definite manner, properly explained and properly recorded. The explanation, to be proper, should make it possible for the extension of a great amount when desirable. And when I use the word "desirable," I mean not only on the part of the debtor but also of the creditor.

When the first two fundamentals of credit sales control are understood and operative, the procedure that should follow should be on a definite basis of control of the extension of credit, insofar as it relates to the financial ability to pay, the willingness to pay, and the arrangements or terms under which payment is to be made, whether contract, conditional sale, bailment lease, lease or monthly account.

One of the essential elements of credit control, particularly with persons of very limited responsibility but capable of paying small amounts, is to advise them—in the letter of notification of the opening of the account—of the amount of credit mentioned at the time of the arrangements for credit. The controversial element of this particular feature is of minor importance because, primarily, the final decision depends upon the experience, ability and comprehension of the credit manager, who should outline the procedure in cases of this kind.

It is contended by opponents of the notification plan that a customer will buy approximately the amount arranged and, instead of changing the arrangement by personal contact with the credit department, will go to another store and open another account, thus increasing the purchasing power.

In this subdivision of credit control, the 1921 committee included in its report:

"It is recommended that the letter of notification should contain the following features:

"a. It should be addressed to the person in whose name the account is opened.

"b. The terms should be clearly stipulated.

"c. When advisable, the amount of the limit should be stated.

"d. The store system of identification should be explained."

Since those days, we have all read many articles mentioning those things as something new and brilliant, and yet that committee knew they were, in 1922, long well known.

The Interview

In our store, our applications for credit range from seventy-five to five hundred a day, which means that, in the course of time, we cover a complexity of situations ranging from the serious to the ridiculous; from the ordinary run of interviews to the sublime dignity of the aristocrat; and including the effervescing cheerfulness and bubbling enthusiasm of sweet girl graduates and debutantes. Being of the ordinary type of credit manager, one whose office door is always open to the public, I frequently run the gauntlet of having the pleasure of interviewing applicants whose characteristics include all those mentioned, and I enjoy it—*occasionally*.

In our interviews, we always inquire if the applicant has previously had an account with us and, of course, we all, in credit work, aim to do the same. It is not infrequent that the customer will state she never had an account with us at any time or in any way, meaning a lease or other kind. *However, in our system we always secure a report from the Credit Bureau.*

The next function of Credit Sales Control is that of record keeping (including the aging of accounts which, when made on a name basis, is helpful), to be followed closely by that of charge authorizations and collections. You will be as delighted as I am to know that on the question of charge authorization, and its consequent credit control, you will hear from other members of our credit fraternity, who are qualified to explain it fully.

The subject of credit records is as old as the inception of a retail credit department. I have seen its ramifications from the days of the old-time bound book, prior to the invention of loose-leaf records of any sort, to and including the loose-leaf binders, loose-leaf cards and other things of that nature, to the modern visible records now maintained in neat colored cabinets of the more expensive but nevertheless more efficient kind that permits various analyzations by signal systems, and individual markings, coincidental with the ideas of the credit manager under whose expert eye this system is maintained.

The question of the delivery of charge purchases with-

out preauthorization is one that has also been discussed in all of the many conventions of your National Association. It has its able proponents who like to spring to its defense. I am not one of them.

Viewing the matter entirely from the standpoint of proper retail credit sales control, I am of the opinion that delivery before authorization is not conducive to accuracy in credit control, because as you all know, a customer with a small limit may out-buy it a hundred fold by making small purchases in many departments. In fact, it has been done in many stores and done repeatedly.

It has always been my contention that unauthorized charges of this kind, that become uncollectible, should be charged off to a special service account and not entered in the losses of the credit department, because of the fact that they are contrary to the fundamental principles of credit control and they always represent the element of service—rapid delivery—that is secondary to the importance of intelligent handling of accounts.

In the limited time at my disposal, it is an absolute impossibility to cover the various phases of retail credit sales control; and the program lists other members who will mention some of their particular phases to you. I will pass over the subdivision of indexes, authorizing, reporting overlimits and mention that of collections as a factor in credit control.

Collections and Credit Control

In the matter of collections, it is well that I should state briefly one or two features that may appeal to you. Among them will be the general statement that unless the cash and charge transactions are posted up to date, there can be no complete credit control and the system becomes stagnated and inefficient. Complete, accurate credit control is possible only when every sale is checked with a ledger that is posted up to the minute.

In stores having a "super-economy" operating plan, credit control becomes a secondary (or maybe a quintuplet) consideration, upward toward the Utopian motto, which good old Uncle Sam places confidently on our larger silver coins—"In God We Trust"; or in the language of a "memory" authorizer, "I hope the bum pays."

The reason that motto becomes a slogan in the super-economy operated stores is that the personnel of their

(Continued on page 29.)



Convention Photo. (Because of dimensions of hall, it was necessary to "pack them in" to get this picture.)

Comparative Collection Percentages -

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWELRY		
	1935			1934			1935			1934			1933			1934			1935			1934			1935		
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
Boston, Mass.	52.9	64.7	42.3	50.4	64.2	41.1	15.5	16.4	15.2	16.6	17.7	16.3	54.2	68.6	43.7	51.5	55.3	41.1	—	—	—	—	—	—	—	—	—
Providence, R. I.	47.4	57.5	44.7	47.1	56.0	44.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1 Hartford, Conn.	40.3	40.4	36.4	38.4	40.0	37.8	17.1	18.1	13.4	17.3	17.7	16.8	—	33.3	—	—	—	—	—	6.6	—	—	—	5.7	—	—	—
Springfield, Mass.	51.6	59.4	46.5	49.1	55.2	43.6	18.3	28.2	11.5	18.7	25.8	14.2	—	47.7	—	—	47.3	—	—	—	—	—	—	—	—	—	—
Worcester, Mass.	45.9	50.1	43.1	41.2	45.2	38.2	20.3	28.9	19.8	18.3	23.5	16.5	—	39.1	—	—	38.2	—	—	—	—	—	—	—	—	—	—
New York City	48.2	63.1	32.2	48.9	57.7	34.5	18.7	24.3	13.0	17.9	26.7	7.8	48.1	59.2	33.7	48.2	61.8	33.3	—	21.2	—	—	32.7	—	—	11.7*	—
2 Pittsburgh, Pa.	46.5	50.4	38.4	44.4	49.6	40.0	17.9	22.0	14.2	18.8	24.7	13.4	48.1	54.7	41.5	47.0	61.0	33.0	—	—	—	—	—	—	—	57	68.8 42.1
Syracuse, N. Y.	37.6	45.8	34.7	35.5	41.7	29.4	19.0	20.6	17.5	20.6	25.2	16.0	—	47.3	48.3	46.2	—	52.2	—	—	—	—	—	—	—	—	—
Utica, N. Y.	—	39.8	—	—	42.5	—	—	—	—	—	—	—	—	41.1	72.0	36.2	37.0	62.5	29.0	11.4	14.0	8.9	9.8	10.4	9.3	—	—
Washington, D. C.	38.9	52.1	31.5	44.4	49.3	34.3	12.7	14.2	5.9	11.1	14.2	6.1	43.2	44.2	42.2	40.2	43.2	37.2	—	—	—	—	—	—	—	—	—
3 Huntington, W. Va.	57.5	61.3	53.6	49.6	61.3	37.9	—	8.7	—	—	9.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Baltimore, Md.	42.6	50.6	34.1	41.0	48.9	32.8	16.0	24.6	6.8	16.7	25.3	7.3	42.1	43.5	41.2	39.3	41.7	37.0	—	—	—	—	—	—	—	—	—
Birmingham, Ala.	45.0	48.4	38.0	44.1	52.8	39.0	16.0	18.8	12.0	16.1	22.7	11.0	48.9	54.3	46.0	55.7	59.0	50.0	12.5	13.8	11.0	—	—	—	—	—	—
4 New Orleans, La.	46.8	47.7	46.0	48.0	50.4	45.6	17.2	17.9	16.5	19.3	23.5	15.1	—	52.7	—	—	36.0	—	—	—	—	—	—	—	—	—	—
Atlanta, Ga.	37.8	38.3	37.3	37.9	40.7	35.2	14.4	15.1	13.7	15.1	15.3	15.0	37.7	38.0	37.4	39.4	39.8	39.0	11.0	11.4	10.7	11.4	12.1	10.7	—	24.6	—
Kansas City, Mo.	64.3	78.5	45.9	62.1	78.8	52.7	24.6	—	—	25.3	—	—	50.5	55.8	46.0	51.2	60.7	43.1	—	—	—	—	—	—	—	—	—
5 St. Louis, Mo.	52.6	60.2	47.9	52.0	61.6	46.6	20.0	24.9	15.8	21.3	27.0	18.5	43.8	49.6	38.7	42.1	50.4	36.9	12.9	17.5	8.3	12.3	17.5	7.1	54	57.2 43.0	
Little Rock, Ark.	38.3	43.5	33.2	36.3	40.7	31.9	11.2	11.8	10.6	12.0	14.1	10.0	—	35.1	—	—	39.8	—	11.2	12.7	10.0	10.0	13.3	9.8	44	44.9 43.5	
Cleveland, O.	48.6	53.9	43.6	42.6	43.6	39.0	20.0	28.8	15.4	16.8	26.6	14.7	41.8	53.1	36.7	34.7	48.5	31.7	9.6	11.8	8.6	9.7	9.9	8.6	27	45.9 22.4	
Cincinnati, O.	49.7	54.3	46.5	43.5	48.5	31.9	16.6	22.8	13.3	15.9	20.9	13.3	49.9	65.9	40.0	51.1	63.7	41.0	—	—	—	—	—	—	—	48	67.6 38.7
Columbus, O.	46.0	51.3	45.6	47.7	51.5	40.4	13.5	14.2	12.7	13.8	13.9	13.8	45.5	55.2	41.6	45.3	57.5	41.2	23.3	36.0	10.6	—	32.0	—	—	—	—
Toledo, O.	47.5	52.9	44.9	41.0	41.6	39.6	16.9	17.3	16.7	16.1	17.7	15.3	49.6	50.8	43.5	47.4	47.6	47.3	—	—	—	—	—	—	—	59	57.7 44.2
6 Youngstown, O.	46.0	46.2	45.7	43.1	46.0	40.1	18.1	20.1	16.0	20.8	23.1	18.5	36.7	41.2	32.1	34.1	42.9	25.3	—	14.2	—	—	12.5	—	—	—	37.3
Detroit, Mich.	58.2	69.0	44.4	53.6	67.7	38.7	25.2	34.6	17.9	23.8	28.7	17.6	56.7	61.1	52.8	53.2	58.7	43.0	11.9	13.4	10.5	11.7	13.6	9.7	67	67.9 57.0	
Grand Rapids, Mich.	41.5	47.8	36.5	39.1	42.2	36.5	—	—	—	—	—	—	50.4	66.5	35.0	49.2	66.1	40.0	15.7	21.1	8.0	13.4	20.7	8.1	—	—	—
Milwaukee, Wis.	49.8	53.7	42.0	42.4	54.4	40.2	20.4	22.2	17.6	19.3	25.4	15.1	—	53.0	—	—	52.7	—	10.5	12.4	8.6	9.3	10.3	8.3	34	49.5 22.6	
Springfield, Ill.	31.5	40.8	16.2	30.6	38.0	21.1	—	—	—	—	—	—	31.1	32.2	30.0	27.1	31.2	23.0	20.6	28.9	14.9	22.5	30.0	15.4	28	37.0 24.5	
Duluth, Minn.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Paul, Minn.	55.6	59.7	51.0	52.5	54.9	49.0	—	—	—	—	—	—	47.8	49.7	46.0	43.9	44.1	43.8	—	—	—	—	—	—	—	—	—
7 Minneapolis, Minn.	63.9	68.6	60.2	61.5	66.1	58.8	18.8	25.3	12.9	17.3	20.2	12.7	57.8	59.3	55.9	54.2	58.7	50.4	—	—	—	—	—	—	—	—	—
Davenport, Ia.	53.6	56.1	51.2	49.8	50.3	49.4	16.5	17.4	15.5	20.6	23.2	18.0	—	49.0	—	—	45.5	—	—	15.4	—	—	15.0	—	—	20.0	—
Cedar Rapids, Ia.	58.8	60.1	51.1	54.9	56.5	50.3	21.2	22.1	20.4	18.1	18.9	17.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sioux City, Ia.	45.1	53.2	41.0	40.0	58.0	39.0	16.8	28.5	14.0	17.2	39.0	15.0	—	43.0	—	—	36.0	—	—	—	—	—	—	—	—	—	—
Omaha, Neb.	48.1	50.0	46.3	46.0	49.6	42.5	—	14.5	—	—	15.0	—	42.5	45.0	38.0	43.0	48.5	40.0	—	—	—	—	—	—	—	—	—
North Platte, Neb.	47.0	52.4	41.6	41.8	43.4	40.2	16.4	18.6	14.2	16.0	18.2	13.8	49.7	50.1	49.4	48.7	50.4	47.1	11.9	12.7	11.2	11.2	12.4	11.1	33	38.1 28.2	
Tulsa, Okla.	59.0	65.5	58.0	60.0	65.7	52.9	14.0	18.1	13.9	16.4	22.1	15.0	—	47.9	—	—	44.3	—	—	22.5	—	—	14.5	—	—	—	—
8 Oklahoma City	54.8	68.2	49.8	52.4	61.0	49.6	15.2	15.6	11.6	10.8	14.0	9.5	—	52.0	—	—	51.0	—	—	—	—	—	—	—	—	—	—
San Antonio, Tex.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Denver, Colo.	44.0	55.8	42.2	42.8	48.1	40.1	14.3	20.3	10.3	17.3	22.6	13.5	46.0	48.1	44.0	42.4	43.0	41.8	—	11.4	—	—	11.4	—	12	14.3* 11.3*	
9 Salt Lake City, Utah*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Casper, Wyo.	—	99.6	—	—	92.6	—	—	—	—	—	—	—	—	32.0	—	—	29.4	—	—	—	—	—	—	—	—	21.0*	—
Portland, Ore.	51.1	68.2	34.0	44.9	54.8	35.0	14.7	17.0	12.3	10.6	20.7	10.5	43.5	51.8	36.0	37.5	43.0	31.9	—	—	—	—	—	—	—	13	21.0* 4.6*
10 Spokane, Wash.	51.9	55.1	48.7	58.4	68.9	47.8	14.8	16.0	13.5	17.6	20.3	13.8	35.5	41.0	30.0	40.5	52.0	29.1	—	—	—	—	—	—	—	20	24.6* 15.6*
Billings, Mont.	40.6	43.4	34.0	34.1	42.4	33.0	—	13.0	—	—	10.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
San Francisco and Oakland, Calif. }	46.8	54.2	32.8	43.4	53.7	28.6	19.1	33.2	15.8	20.0	33.7	14.0	36.4	49.5	27.2	36.7	49.6	28.7	15.2	21.7	12.5	12.8	19.7	10.5	—	—	—
11 Los Angeles, Calif.	61.0	63.2	52.9	60.5	63.6	48.7	20.8	24.0	17.3	—	—	—	57.4	64.4	48.0	60.0	61.7	47.0	—	—	—	—	—	—	—	—	41.3
Santa Barbara, Calif.	42.4	53.7	35.4	44.8	53.6	38.1	—	—	—	—	—	—	53.6	62.5	51.3	—	—	—	—	—	—	—	—	—	—	—	—
Vancouver, B. C.	62.5	68.9	56.2	71.3	72.3	70.2	23.2	23.3	23.1	22.8	24.8	20.8	55.5	71.0	40.0	—	—	—	—	—	—	—	—	—	—	—	—
12 Victoria, B. C.	55.9	56.0	55.9	55.3	56.3	54.4	25.1	28.2	22.0	22.3	24.0																

*Figures not received at press time
*Installment

*Furriers
*Laundry

*Heating
*Lumber

*Coal
*Cleaning and Dyeing

*Carpet and
*Builders' Supplies

Stages - - May, 1935, Versus May, 1934

		JEWELRY STORES						MEN'S CLOTHING STORES						SHOE STORES						AUTO ACCESSORIES, TIRES, GAS AND OIL						MISCELLANEOUS					
		1935			1934			1935			1934			1935			1934			1935			1934			1935			1934		
LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	
—	59.0	59.0	55.9	70.0	55.4	—	53.7	—	—	54.0	—	—	57.3	—	—	55.2	—	—	—	—	—	—	—	—	58.0	79.8 ²	34.0 ¹	57.1	74.5 ²	50.0 ²	
—	—	—	—	—	—	—	19.9	30.1	19.0	16.8	19.0	16.0	57.0	62.0	52.0	54.5	57.0	52.0	—	—	—	—	—	—	60.6	73.9 ²	25.0 ²	53.6	62.0 ²	32.0 ²	
—	—	—	—	—	—	—	—	—	—	—	—	—	54.7	—	—	50.9	—	—	72.6	—	—	70.4	—	—	35.0	64.5 ²	16.7 ¹	36.0	52.0 ²	11.3 ¹	
—	—	—	—	—	—	—	—	—	—	—	—	—	63.5	—	—	64.0	—	—	72.0	—	—	64.0	—	—	73.5	79.1 ²	64.8 ²	58.1	70.8 ²	45.4 ¹	
—	—	—	—	—	—	—	54.5	70.0	39.0	52.5	74.0	31.0	—	—	—	—	—	—	56.5	57.0	56.0	58.5	61.0	56.0	58.3	88.9 ²	38.8 ²	51.4	90.6 ²	33.0 ¹	
—	11.7 ²	—	—	—	—	—	51.8	52.0	39.9	46.0	50.0	42.0	61.9	62.6	61.2	56.2	60.8	51.7	62.8	66.4	61.0	62.5	64.6	60.0	56.6	75.0 ²	21.0 ¹	55.8	75.0 ²	30.6 ²	
5	68.8	42.1	54.0	66.3	41.3	—	—	—	—	—	—	—	58.6	68.3	49.0	51.9	60.9	43.0	—	—	—	—	—	—	47.5	73.0 ²	29.7 ¹	40.7	69.5 ²	23.0 ²	
—	—	—	—	—	—	—	39.8	47.6	32.0	—	31.0	—	—	—	—	—	—	—	—	—	—	—	—	—	38.5	60.8 ²	25.8 ²	39.9	64.8 ²	16.7 ¹	
9.3	—	—	—	—	—	—	28.1	30.0	26.5	—	29.2	—	—	—	—	—	—	—	—	—	—	—	—	—	37.5 ²	44.8 ²	31.0 ¹	38.0 ²	51.1 ¹	28.5 ¹	
—	—	—	—	—	—	—	42.8	45.8	39.8	43.9	46.9	40.9	—	51.8	—	—	51.4	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	56.1	—	—	—	—	—	—	73.3	105.0 ²	41.6 ²	—	41.5 ²	—
—	—	—	—	—	—	—	33.0	—	—	31.0	—	—	48.3	51.8	42.6	47.8	50.0	39.5	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	43.4	47.7	40.0	37.9	42.0	34.0	—	—	—	—	—	—	59.8	62.5	58.0	65.8	79.0	52.0	—	—	—	—	—	—	
10.7	—	24.6	—	—	24.6	—	38.5	40.0	36.9	37.5	37.9	37.0	—	—	—	—	—	—	—	—	—	—	—	—	41.0 ²	44.0 ²	38.0 ²	41.2 ²	48.4 ²	34.0 ²	
—	—	—	—	—	—	—	—	—	—	—	—	—	50.6	56.0	45.2	47.2	51.0	43.4	72.3	76.5	68.1	74.8	80.6	69.0	—	—	—	—	—	—	
7.1	57.2	43.0	45.5	46.0	45.0	—	42.5	45.1	38.8	41.2	43.5	37.1	—	—	—	—	—	—	66.5	88.5	44.5	75.0	75.0	75.0	—	—	—	—	—	—	
9.8	44.9	43.5	42.4	44.2	40.7	—	—	—	—	—	—	—	—	43.5	—	—	—	—	70.0	76.9	50.6	65.0	71.3	49.0	—	63.0 ²	—	—	52.0 ²	—	
8.6	45.9	22.4	30.7	37.9	27.3	41.8	69.7	38.2	37.2	50.4	35.1	47.7	51.3	43.8	41.8	50.2	43.5	—	—	—	—	—	—	—	45.0 ²	54.0 ²	36.0 ²	42.0 ²	54.0 ²	18.0 ²	
—	46.6	38.7	43.8	58.1	29.5	41.7	45.3	38.0	40.6	42.3	39.0	60.6	68.1	46.0	49.1	62.1	37.0	—	—	—	—	—	—	—	62.4	88.0	30.4	51.8	70.0	29.9	
—	—	—	—	—	—	—	45.5	48.1	42.8	45.6	47.0	44.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	57.7	44.2	50.0	64.7	35.3	35.1	37.6	32.7	—	28.7	—	—	—	—	—	—	—	—	39.9	42.0	37.9	42.5	54.0	31.0	56.3 ²	84.0 ²	28.5 ¹	49.1 ¹	81.3 ¹	17.0 ¹	
—	37.3	—	—	43.8	—	40.2	50.5	20.0	40.6	50.0	22.0	—	—	—	—	—	—	—	—	—	—	—	—	—	46.3 ²	51.5 ¹	41.0 ²	46.7 ²	60.1 ²	33.3 ²	
9.7	67.9	57.0	45.9	71.8	23.0	56.0	65.0	47.1	55.6	60.0	51.3	55.9	57.3	54.6	56.9	58.0	55.8	—	—	—	—	—	—	—	—	—	—	—	—	—	
8.1	—	—	—	—	—	52.8	79.0	40.0	49.7	73.0	31.0	—	—	—	—	—	—	—	59.4	77.0	41.8	53.6	61.4	45.8	38.7 ²	63.0 ²	28.0 ²	39.2 ²	55.0 ²	32.0 ²	
8.3	49.5	22.6	35.9	56.9	14.9	46.9	51.0	42.8	52.5	63.1	42.0	50.2	59.4	41.0	45.2	54.0	36.4	—	62.7	—	—	64.9	—	—	—	27.2 ²	—	—	24.5 ²	—	
15.4	37.0	24.5	29.3	38.0	16.1	28.4	35.6	18.7	27.8	42.7	19.6	36.0	40.5	31.5	31.9	42.8	22.8	49.3	70.0	20.0	45.6	63.0	30.0	46.3 ²	69.0 ²	26.0 ²	34.7 ²	63.0 ²	23.8 ²		
—	—	—	—	—	—	42.7	45.3	38.8	42.7	43.0	42.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	55.8	—	—	45.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	40.1 ²	68.0 ²	20.9 ²	36.5 ²	67.0 ²	16.7 ²	
—	20.0	—	—	17.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	38.1	—	—	37.2	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	49.8	50.0	49.6	48.1	54.3	42.0	—	62.0	—	—	64.0	—	—	—	—	—	—	—	—	—	53.3	—	—	43.0	—	
—	—	—	—	—	—	—	45.9	—	—	49.9	—	—	48.0	—	—	46.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	54.0	—	—	54.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	80.8 ²	—	—	—	—	
11.1	38.1	28.2	30.6	32.6	28.6	42.2	46.2	38.1	34.0	36.8	31.2	49.9	52.6	47.2	48.1	49.8	46.4	41.8	44.2	39.4	37.8	38.1	37.5	52.1	71.1 ²	21.6 ²	39.4	65.4 ²	21.9 ²		
—	—	—	—	—	—	58.0	63.7	43.4	56.2	68.1	43.0	—	—	—	—	—	—	86.0	90.0	56.0	86.0	92.0	53.2	—	29.0 ²	—	—	20.0 ²	—	—	
—	—	—	—	—	—	—	52.4	—	—	47.2	—	—	84.1	—	—	—	—	—	74.1	—	—	80.5	—	—	—	79.3 ²	—	—	77.8 ²	—	
—	14.3 ²	11.3 ²	—	11.4	—	45.1	46.2	44.0	42.7	43.6	41.8	45.3	56.4	34.2	44.9	56.0	33.8	—	53.8	—	—	59.8	—	—	61.5	71.0 ²	52.0 ²	75.5	81.0 ²	70.0 ²	
—	21.0 ²	—	—	17.0 ²	—	29.2	35.0	23.5	24.7	28.4	21.0	48.1	59.6	38.0	—	50.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	21.0 ²	4.6 ²	11.6 ²	22.2 ²	11.6 ²	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	24.6 ²	15.6 ²	18.1 ²	18.1 ²	18.1 ²	40.2	47.3	33.1	33.6	34.3	32.9	—	47.8	—	—	52.5	—	—	68.8	—	—	53.2	—	—	56.3	73.0 ²	17.0 ¹	49.5	69.3 ²	14.0 ¹	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	76.8	—	—	77.2	—	—	—	—	—	—	—	—	
7	10.5	—	—	—	—	41.0	46.4	28.1	37.2	46.6	24.2	42.4	61.8	39.4	40.9	53.6	36.2	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	41.3	—	39.4	—	50.5	60.5	49.0	48.1	59.0	41.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	72.1 ²	79.8 ²	64.4 ²	—	79.7 ²	—
—	—	—	—	—	—	49.2	54.7	41.6	—	—	—	46.4	53.1	44.0	46.6	53.7	38.0	—	—	—	—	—	—	—	—	65.9 ²	73.0 ²	55.1 ²	58.8 ²	78.1 ²	47.0 ²
—	—	—	—	—	—	43.0	45.9	40.0	—	—	—	—	—	—	—	—	—	—	57.5	70.0	44.9	—	—	—	—	69.5	92.0 ²	55.0 ²	78.4	81.2 ²	58.0 ²
COMPILED BY RESEARCH DIVISION—NATIONAL RETAIL CREDIT ASSOCIATION																															

et and In Cleaning
ers' Supp

¹³Grocery
¹⁴Stationery, Office Supplies

¹⁸Hardware
¹⁹Dairy²⁰Drugs
²⁰Sports Wear²¹Leather Goods
²²Household Equipment



Credit Education In Minneapolis

By RALPH CORNELISON

Credit Manager, H. A. Rogers Co., Minneapolis, Minn.; President
Minneapolis Retail Credit Association

FOR a great number of years, our collection percentage has been as high as that of any other city in the United States. (*Often higher.*) Since October, 1934, when *The CREDIT WORLD* started to print collection percentage charts, up to and including May, 1935, a total of eight months, Minneapolis has led all other cities in the United States five times and has been second three times.

The average Minneapolis collection percentage for the eight months has been 63.2 per cent with a high of 68.3 per cent and a low of 58.7 per cent. The percentage used is the average as shown under the column "Department Stores"—"Open Accounts" in *The CREDIT WORLD*. Minneapolis has made an equally good showing in the other columns.

The average monthly collection figure on ordinary charge accounts for the United States, for 1934, as reported by the U. S. Department of Commerce, is 42 per cent. To those who are unfamiliar with the term "collection percentage," it is the proportion of the total outstanding open accounts in dollars which is collected during the following month.

The charts published in *The CREDIT WORLD* are closely watched in Minneapolis. We publish local comparative figures at the Credit Service Exchange, which are given the credit managers who attend the weekly department store group meetings, and there is considerable friendly rivalry between the various stores over these figures.

What do these collection figures mean? We choose to think that they reflect the prompt pay attitude of the Minneapolis retail buyer. *They reflect the fact that in our city the consumer has been educated to pay his bills when due.* They are the result of a continued consistent, intelligent program of credit education sponsored by the Retail Credit Association of Minneapolis. I can cite two instances which I feel illustrate the attitude of prompt pay among our customers:

During our recent membership campaign, which resulted in fifty new National memberships, two of our members contacted the local branch office of a large tire company. A new manager had taken over this branch. After our members had outlined our educational program, he said with much enthusiasm, "Well, that explains it."

He went on to state that he had been manager in a number of other cities but very soon after his arrival in Minneapolis he noted a different attitude regarding the paying of bills. He said there was no doubt in his mind that this attitude was the result of our educational pro-

gram. Needless to say, he considered it a privilege to participate in the good work and his firm is now a member.

Another instance of an unsolicited testimonial to our efforts is a statement in the *Minneapolis Tribune* (May 18). This statement, by the Marquette National Bank over the signature of its President, explains among other things that at the close of business, on May 17, *there was not one loan of the 750 Federal Housing Act loans which that bank had made, that was one day past due.*

He states, "These borrowers have pledged no security for these loans, and they have made this perfect payment record only because of their sense of obligation and *their own habits of promptness.*"

How did Minneapolis establish this attitude and how do we maintain such consistently high collection percentages? It is certainly not by coercive measures or by trick collection methods. The experienced man is cautious in the use of extreme measures in collecting.

I would say that our Minneapolis credit managers lean rather to the conservative side and are lenient but, of course, at the same time positive. The attitude is rather one of a natural assumption of promptness than a belligerent "Pay up or else." We certainly do not claim superiority or "super-ability."

We do not feel that it is through our efforts as individuals that this feeling of prompt pay has been developed, but rather through our efforts as an association. We are convinced that our educational program has been a great influence in establishing the habit of prompt pay among Minneapolis retail buyers.

The Minneapolis Credit Educational program sponsored by the Retail Credit Association divides itself into five parts:

Editor's Note:

This article is from an address delivered at the Twenty-Second Annual Convention of the National Retail Credit Association—Rochester, N. Y., June 18-21, 1935.

The author is president of the Minneapolis Retail Credit Association.

1. Newspaper Advertising
2. "Returned Goods" Advertising
3. Delinquent List Letters
4. Talks Before Luncheon Groups and Civic Clubs

5. Contact with the Community Life Problems Classes of the Minneapolis Public Schools.

For the past 18 years, Minneapolis buyers have seen "Prompt Pay" advertising in their daily papers. The Minneapolis Association spends on an average of \$4,000 a year on newspaper advertising. The funds for this purpose are raised by subscription among the retail establishments of the city and do not come from the members' dues. These subscriptions vary from \$1 to \$50 per month depending on the size of the store.

These funds are expended by the Advertising Committee of the Association. This committee, appointed by the President of the Association, usually consists of the credit managers of the large department and ready-to-wear stores. The chairman, also appointed by the President, is the advertising man. All copy and layout of the ads are prepared by the chairman with the assistance of the members of his committee.

The ads are of the "display" type with a terse, well-printed message, easy to read. Many of the ads are illustrated and the copy varies with the season. The majority are directly on the pay promptly theme, but others are devoted to contract payments and one ad is inserted each month on the ninth as a reminder that "tomorrow is the tenth when all purchases for the previous month become due." The return of merchandise is also mentioned.

All ads are inserted by the Retail Credit Association and contain the signature of the Association. They contain the National Association cut and a reference to the Credit Exchange and "Yellow Book" which is a rating book published by the Exchange. The same ad appears in all three Minneapolis dailies but not simultaneously. It is planned to have an ad in at least one of the papers every week of the year.

This past year the feasibility of supplementary advertising on the radio was discussed but because of the lack of usable time, nothing was developed. Our experience has been that newspapers are the best medium to get over our message.

Another project of our educational program is the "returned goods" advertising. While not bearing directly on the collection percentage, this results in excellent publicity for the credit association and considerable savings for the merchants. This idea was started in 1931 by P. H. Carr. Since that time, Minneapolis stores have experienced a steady decrease in the quantity and value of merchandise returned by customers. "Our returned goods have been reduced by 30 per cent," says the manager of one of our large stores. The "returned goods" program is financed in the same manner as the advertising, that is, by subscriptions from the retail stores. We have spent an average of \$2,000 per year on this project.

A "returned goods" committee is appointed by the President of the Association each year. This committee also consists of the credit managers of the large stores. The chairman of this committee prepares printed folders of various kinds to be used as package enclosures and statement inserts.

Letters are written to the sales people regarding the proper methods of selling to avoid returns. Returned goods rules are published to be put in fitting rooms, on adjustment desks and in other conspicuous places. These

rules prohibit the return of certain personal items and any merchandise that has been used, dyed, altered, or decorated to taste, etc.

The Exchange publishes returned goods statistics for the various department and ready-to-wear stores each month. The figures for April show an average return of about 10 per cent on credit sales among department stores and about 15 per cent on credit sales in ready-to-wear stores. These figures are closely watched by the credit executives and any sudden rise is immediately investigated.

Another project of the Association which we consider to be advertising, and which certainly has a bearing on the collection percentage, is the Delinquent Letter and the Delinquent List. The Minneapolis Association mails out between 1,000 and 1,500 letters each month to delinquent accounts as reported by the members. The cost of preparing and mailing these letters is covered by part of the advertising or pay promptly fund raised by subscription. (*Two of these letters are reproduced on page 22.*)

The letters are written each month by the chairman of the delinquent list committee. It is the usual custom to appoint someone on this committee who is actively engaged in collection work. The letters, however, are not of a collection nature, but merely point out to the customer the fact that he has a delinquent account and its possible effect on his credit standing. Much time and thought are put into the writing of these letters to make them effective but not offensive. All letters go out over the name of the Association on the Association stationery.

As soon as the letter has been written, copies of the letter and blanks for reporting delinquent accounts are mailed to all members. These blanks are the proper size for filing at the exchange. When the names are returned they are compiled into one list eliminating any duplications, and mimeograph copies are run of the entire list. The letter is then mailed and copies of the list sent to all participating members.

For the smaller stores, especially, this amounts to having their collection letters written by an expert at no additional cost to them. Also, as the letters go out over the name of the Association, there is no reflection on any particular store.

Of course, we do not claim that collections result from our delinquent letters alone. Individual letters and telephone calls from the credit departments will always be the primary factor. However, it can be safely said that delinquent letters are an additional reminder of great value. One firm reports that—in 10 days after the letter was mailed to the 31 names reported—12 had paid in full, 8 made partial payments, 10 gave definite promises, and only one failed to respond.

Another educational project which has wonderful possibilities, but as yet has not been fully developed, is credit talks to luncheon groups and civic clubs. This idea was conceived by Mr. S. L. Gilfillan, Secretary-Manager, The Minneapolis Retail Credit Exchange, several years ago and up to date he has been our principal speaker. The subject matter presented is along the line of an explanation of retail credit, what a credit rating is, what "character, capacity and capital" mean, the function of the credit exchange, the organization and projects of the

(Continued on page 22.)

Report of the General Manager-Treasurer

IT IS a pleasure to submit my report for fiscal year ended May 31. In opening, I should like to express my appreciation to President Reed, the members of the Board of Directors, the Finance Committee, our loyal members, including bureau managers, my coworkers in the National Office, Mr. Guy H. Hulse of the National Consumer Credit Reporting Corporation and the members of his organization, all of whom have assisted me in my endeavors. There has been complete cooperation throughout the organization. Our members have done their part in our "Building for the Future" program.

Leaving the National Office on September 26, I was in the field a little more than half of the time for the eight months (October through May). The personal contacts were pleasant and helpful and in the cities visited, the National Association received desirable newspaper publicity. I visited 66 cities in 23 states, and addressed approximately 5,800 members and retailers. Wherever possible, I called upon retailers, in all lines, and discussed with them their local problems, current conditions and the activities of the National. It was a source of regret that I was unable to visit a greater number of cities.

Membership

New members for the 13 months ended May 31, totaled 2,390, an increase of 40 per cent over the same period last year. A very gratifying item was the reduction in cancellations which, although we "cleaned house" thoroughly, were 30 per cent less than last year.

A physical count was made of membership cards early in July, 1934, with the result that a discrepancy of 1,268 was found. The membership, as of April, 1934, was shown as 13,270, while it should have been 12,004. Members of the Supervising Collection Department numbering 495, owned and operated by credit bureaus, were cancelled in December, 1934, inasmuch as many bureau managers were of the opinion that they should not be compelled to hold two memberships, in which I concurred. Privately owned Collection Departments, numbering 34, continued as members and paid dues of \$5.00 each.

Finances

As of June 31, 1934, the assets of your Association were divided between the Association and the National Consumer Credit Reporting Corporation. Accounts receivable of the Association, the Service and Supervising Collection Departments, were retained by the respective departments. Before the transfer, \$3,500 in cash and real estate bonds in the amount of \$8,000 were transferred to the National Consumer Credit Reporting Corporation, representing amount due the Coupon Account of the Service Department. The balance on hand in the amount of \$542.64 was divided equally, as was the amount owed by the Association, which totaled \$2,985.94. The management therefore started out July 1 with a deficit of \$1,221.65 (excluding accounts receivable), and with a shortage of equipment.

At the post-convention meeting of the Board of Directors, the General Manager-Treasurer was instructed to employ accountants for the purpose of revamping the bookkeeping and to purchase the necessary equipment. The work of the office was systematized and an accounting machine installed. It was not necessary, however, to bring in accountants to make the changes.

It is a pleasure to report that the necessary furniture and equipment were purchased and paid for, and we closed our fiscal year, on May 31, with a cash balance of \$5,547.52, and with all bills paid, including May items.

Accounts Receivable

Although it was necessary to cancel past due memberships and dues in the amount of \$6,658.10, the Accounts Receivable, as of the close of the year, amounted to \$10,700.93, compared with \$16,054.79 last year. Collection of dues for the year just closed exceeded last year's by \$6,957.43.

It is my belief that the Accounts Receivable on the books of the Association May 31, 1935, are probably in better shape than at any time in the history of your Association.

District Associations

Thirteen District Associations, in effect branches of the National, have been organized and the members with whom it has been my privilege to discuss the matter are pleased with this change in our organizational set-up. In my opinion it will create more interest in your Association, in its educational and legislative work, in *The CREDIT WORLD*, and in the development of your Research Division, which has been so ably managed, since the Memphis Convention, by your efficient Secretary, Arthur H. Hert.

Fourteen National Directors were elected by the thirteen Districts (District 11 preferred to continue as one district with two National Directors) and they will take office upon the close of this Convention provided the recommended amendments to the Constitution and By-Laws are approved by the Convention.

The Credit World

Much favorable comment has been heard concerning *The CREDIT WORLD*, the type and diversification of articles, make-up, etc. Three new departments were added during the year: (1) The table of Collection Percentages; (2) Credit Sales and Collection Trends; (3) Credit Department Letters. All have been enthusiastically received and we anticipate, with the continued co-operation of our members, to make further improvements, month after month.

We are fortunate in having as Associate Editor, Daniel J. Hannefin, who is thoroughly experienced in layout, printing, etc., and who has done an excellent job of the editing of the articles submitted for publication. Without his assistance, the improvements referred to would have been difficult. He is keenly interested in the work and it is a pleasure to accord him this recognition.

Committees

The chairmen and members of all committees have worked faithfully in the interests of the Association and are due the appreciation of the entire membership.

Community Credit Policy

In my addresses throughout the country, I have stressed the policy of a carrying charge on past due accounts, recommending the adoption of $\frac{1}{2}$ of 1 per cent per month on accounts not paid within 60 days. Since the Memphis Convention, this policy has been adopted by the principal retailers of Nashville, Tennessee; Lincoln, Nebraska; Sioux City, Iowa; Huntington and Morgantown, West Virginia. Committees representing numerous cities

are now studying plans adopted by other cities, and I look for the adoption of the policy by the retailers of many cities during the coming year.

All phases of the Community Credit Policy plans adopted in various cities—inserts, newspaper copy, results, etc.—are being arranged in booklet form under the supervision of Research Director Hert and will be ready for distribution to interested members, without expense to them, within sixty to ninety days.

Credit Management Division, N. R. D. G. A.

I desire to acknowledge the cooperation of Mr. Edgar I. Amthor, Chairman of the Credit Management Division of the National Retail Dry Goods Association and members of that division, many of whom are members of your Association, also the courtesies of Mr. Channing E. Sweitzer, Managing Director of the National Retail Dry Goods Association, and his associates. The members of that division have continued their interest and membership in your Association and have cooperated as heretofore.

In conclusion, it is a pleasure to state that the Association's future appears exceedingly bright. With the continued interest and cooperation of our members, the coming year should prove highly successful.

Respectfully,
L. S. CROWDER,
General Manager-Treasurer.

June 7, 1935.

Reports of Finance Committee and Secretary and Research Director in Next Issue

The reports of the retiring President and of the General Manager-Treasurer are published in this issue. We regret that it was impossible, due to lack of space, to include also the report of the Finance Committee and that of Secretary and Research Director Arthur H. Hert.

However, these reports will be published in full in the August issue.

Urgent Request from National Office for Information from Local Association Secretaries

The National Office urgently requests the secretary of each local association to send the names of the members (and especially the Chairman) of the local legislative committee to *W. J. Morgan, Chairman of the National Legislative Committee, care of Brooks Brothers, New York City*, as quickly as possible.

This cooperation is vitally necessary if the National Legislative Committee is to function with utmost benefit to the membership at large.

Please send a carbon copy of your list to the National Office so that it may maintain a mailing list for legislative work.

At the same time, the National Office would like to have an official list of the officers of each local association and immediate notice of elections and changes.

Also, the Research Division desires the name of every city which has adopted either a *Community Credit Policy* or a *Carrying Charge Plan*—with full details of plan—for inclusion in a study of this phase of credit activity now in progress.

Important! Do You Want Convention Proceedings in Book Form?

If there is sufficient demand to justify printing them, the leading addresses of the Rochester Convention will be published in book form to be ready for distribution about the end of August. This would make a handy reference book—a real textbook on credit.

Price, to members, \$1.50; to nonmembers, \$2.50. Order now—it will not be printed unless enough orders are received to justify it—from the National Retail Credit Association, 1218 Olive St., St. Louis, Mo.

Echoes of the First National Convention

To some of the delegates the Rochester Convention had more than passing interest, bringing memories of the first National Convention of the National Retail Credit Association (then known as the Retail Credit Men's National Association), which was also held in Rochester, in 1913.

So, there was quite a reunion of the attending delegates who were also present at that first convention—business of being photographed and "limelighted" by the newspaper men and so on!

To Max Meyer, Lincoln, Nebraska, one of the "reunioners," we are indebted for the photograph of the first convention group reproduced below.

At the first convention, only 38 credit executives and bureau managers were registered. The others shown in the photographs were guests and wives of the delegates. There was not one woman delegate registered—quite a contrast to the active part taken by credit women in the convention just closed!

Sam ("Dollar Sign") Solinsky, Manager of the Beaumont (Tex.) Credit Bureau, has been appointed President of the Advisory Board of the Salvation Army in Beaumont, it is announced in the *War Cry*.



At the First National Convention (Rochester, 1913) only 38 credit executives and bureau managers were present.

Credit Education in Minneapolis

(Continued from page 19.)

local and national associations. Letters were sent this last year to all civic clubs explaining our subject, and we received several requests.

Next year, Mr. Gilfillan's name will be added to the list of recommended speakers sent out to all club secretaries by the Civic and Commerce Association. He appeared before women's clubs, luncheon clubs, lodges, parent and teacher associations, and business schools this past year. I had the pleasure of addressing the faculty and students of the school of business of the University of Minnesota on this subject and was amazed at the complete lack of information on retail credit among this group of business students—and their interest in the subject. It is hoped to develop this idea until we have a speakers' bureau to present credit subjects to any organization wishing a speaker.

The most extensive credit educational project we have ever attempted, and one which we feel will eventually develop into the most effective, was inaugurated this past year. The idea was originally conceived by Mr. Henry Hoklas, Credit Manager, The Young Quinlan Co., Minneapolis. In the early part of 1934, Mr. Hoklas heard of the new Community Life Problems Classes in the Minneapolis Public Schools. He was struck with the idea that *Retail Credit* was also a community problem and should be added to the course.

After a number of meetings with school supervisors and teachers, the plan was worked out and retail credit was added to the course of study in the Minneapolis Public Schools. Thus retail credit takes its place along

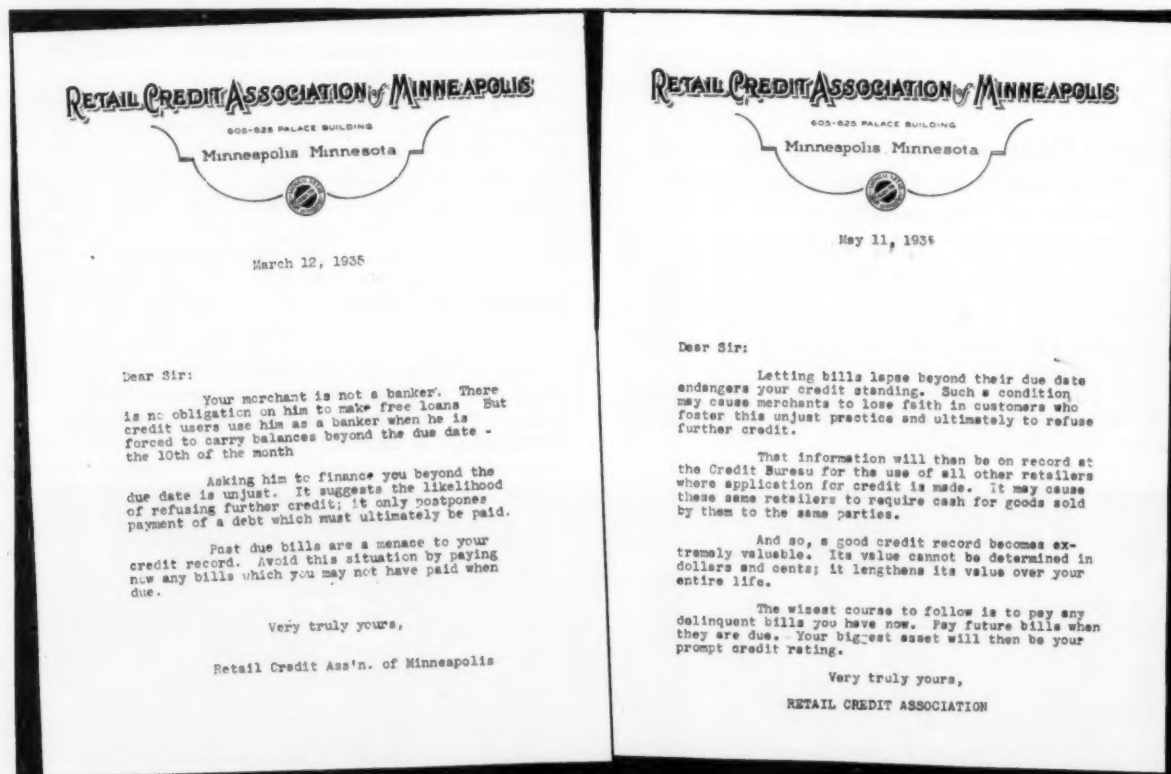
with "readin', writin', and 'rithmetic" as part of the education of Minneapolis school children. To Mr. Hoklas belongs all the credit for instigating this program.

The Community Life Problems classes are the modern method of teaching civics. It is believed that the experience of adult citizens in working out civic, social and economic problems should be brought to the attention of the pupils. An effort is made to furnish such contact through excursions and group meetings involving phases of government, community institutions, economic conditions and industrial life. In this way an opportunity is provided to awaken an interest in and a concern for civic, social and industrial betterment.

The C. L. P. classes are part of the course of the 9B grade in Junior High Schools. This would bring the average age at about 15 years. The course is definitely part of the school work and all excursions are made on school time and the student is made to feel that he is not on a pleasure jaunt but actually engaged in studying something required.

Arrangements are made each year for a series of excursions and group meetings to which one or more representatives from each class are sent. These representatives are selected or appointed and are required to report observations and conclusions back to the class. The personnel of delegations is changed for each trip in order that all members of a class may experience at least one excursion or group meeting. Class representatives are given instructions as to methods of observation to use and as to their report back to the class.

During the course of the year, a variety of activities, including visits to courts, industrial plants, banks and



Two of the "Delinquent List" Letters—See Text on Page 19.

community institutions, serve to bring a large part of the student body into intimate touch with conditions and institutions which are of vital interest to the average citizen. The student learns from those who speak with authority about the methods of raising and spending the city budget, the programs for civic improvement and public recreation, the organization and administration of our school system, the problems of our police departments and courts and—this year, the meaning of credit in the business life.

After our plan for including retail credit in the Civic Life Problems classes was adopted by the Board of Education, we had to figure out some way to handle the work. Our first attempt was to have talks made by various credit men at the schools, but we soon abandoned the idea, both for lack of men and of effectiveness. It was then decided to bring the students to the Credit Exchange and this plan proved to be very successful.

We set aside a room at the Exchange for this purpose and purchased folding chairs for the students. The representatives from the various high schools who are chosen to make the credit excursion meet in this room about 3:00 p.m. on the day scheduled. A school supervisor introduces the subject and explains why credit should be studied. Mr. Gilfillan then delivers a thirty-minute lecture on Retail Credit. He starts with the origin of credit, the development of credit as a factor in the distribution of goods, and the present immense part credit plays in the business world.

He explains the meaning of the "three C's of credit"—what a credit rating is, how you get it, and how you keep it good—also the projects of the local and national associations and the operation of the Exchange. The students take notes on his talk so as to be prepared to report back to their classes on the following day. It is remarkable the interest the students have in this subject. After the lecture is finished it is thrown open for discussion and Mr. Gilfillan is then a busy man. (I remember attending one class where a young man was intensely interested in whether a man was responsible for his wife's obligations after divorce.) The students are then taken for a tour of the Exchange and shown the credit files where credit information is kept, the exchange of information on the telephone and the "Yellow Book" where the credit ratings are compiled. As the students leave the Exchange, pamphlets are handed out in sufficient quantities for each student to pass them to each member of his or her class the following day. These pamphlets are printed by the association and contain a résumé of Mr. Gilfillan's lecture.

There are twelve junior high schools in Minneapolis. We have, on the average, 40 to 50 students at each one of our classes. We expect to contact, either directly or by means of the pamphlet, at least 9,000 students in the city high schools. With the pamphlet reaching the home through the students, it is estimated that 20,000 present and future retail buyers are reached through this project. The possibilities for the future are easily imagined. If the program is continued we will eventually contact every student who passes through the junior high schools.

We feel that this contact is made when the students

are still impressionable but old enough to realize the importance of the subject. They are also on the verge of the day when they will become retail buyers. We feel that a large number of people growing up in this generation will date the beginning of their good credit back to the day in Junior High when they learned the importance of paying their bills promptly.

The Minneapolis Association has received some very fine publicity from this project. All the daily newspapers carried stories on the classes and we also had news pictures of the classes visiting the Exchange. An article was printed in *Commercial West*, a well-rated commercial paper with a large circulation in the Northwest. Articles also appeared in *The Credit World* and the *Credit Ledger* (our own publication).

We are positive that this program, if carried on in the future, will result in an increased credit consciousness in Minneapolis. We are planning and building for a great future for retail credit in Minneapolis. These students will more than likely be buyers at our stores for the next fifty years. We are trying now to implant in their minds the impression of "prompt pay" which we hope they will carry with them throughout life.

Texas Retail Merchants Association Election

At the 35th annual convention of the Retail Merchants Association of Texas, held at San Antonio, May 13, 14 and 15, the following officers and directors were elected: Colonel Robert Stern, Dallas, President; Robert I. Cohen, Jr., Galveston, Vice-President; and Charles T. Lux, Austin, Secretary-Manager.

Directors: J. E. R. Chilton, Jr., Dallas; Robert I. Cohen, Jr., Galveston; R. Don Herod, Houston; A. F. Kuhleman, Houston; Vincent W. McConn, El Paso; C. R. Pennington, Abilene; G. Bailey Peyton, San Antonio; John E. Phillips, Fort Worth; Colonel Robert Stern, Dallas; G. O. Wendt, Temple; Carl T. Widen, Austin; and C. C. Witchell, San Antonio.

Membership Blank

National Retail Credit Association

1218 Olive St., St. Louis, Mo.

I hereby apply for one year's membership in your Association, subject to acceptance by you and by your recognized unit in this locality. I enclose \$5.00 which I understand entitles me to all the privileges of membership, including a year's subscription to "The Credit World."

Name.....
Title.....
Firm.....
Address.....
City..... State.....
Recommended By.....

Resolutions Adopted by the Convention

1—Thanking the Retail Credit Men's Association of Denver.

WHEREAS, the Retail Credit Men's Association of Denver, Colorado, has at all times displayed great generosity in granting our President, Charles M. Reed, the necessary leave of absence in order to perform his duties as an officer of this Association; and

WHEREAS, without this generosity much of the splendid work performed by President Reed, particularly during the past year, could not have been accomplished; therefore

Be It Resolved, that this Association is deeply grateful to the Directors of the Denver Association and that a copy of this resolution be forwarded to that body.

2—Acknowledging the Hospitality of Rochester.

WHEREAS, it is appreciated that the great convention in the city of Rochester has been possible only as a result of indefatigable effort; and

WHEREAS, it is recognized that elaborate preparations have been made for the convenience and comfort of the delegates at considerable expense and effort to the local merchants and credit managers; and

WHEREAS, it is generally believed that the Rochester Convention has been outstanding in significance and accomplishments; therefore

Be It Resolved, that the membership of the National Retail Credit Association, in convention assembled, gratefully acknowledge the brilliant work of the General Chairman, Mr. Leonard Berry, and his corps of assistants comprising the Convention Committee. Also the Mayor and the citizenship of Rochester, and the Management and able assistants of the Seneca Hotel, for their hospitality and contribution toward making the convention such an outstanding success.

3—Instructions For the Legislative Committee.

Be It Resolved, that the Legislative Committee be instructed to arrange for the reintroduction in Congress of a bill to permit the garnishment of the salaries of Federal employees, in line with similar statutes already in force in nearly all of the states permitting garnishments of the salaries of state and municipal employees; and further

Be It Resolved, that the Legislative Committee be instructed to further continue its studies of consumer debt in the light of the Department of Commerce study of March 20, 1935, and to take such remedial action, if necessary, as such studies may indicate are appropriate; also

Be It Resolved, that the Legislative Committee be instructed to use its best efforts to have first-class mail reductions made universal instead of for local delivery alone, as at present.

4—Recommending That Charge Account and Cash Customers Be Treated Alike Where Discount and Trading Stamps Are Offered.

Be It Resolved, that this convention recommends that where discount and trading stamps are offered to promote sales, that the charge account and cash customers be treated exactly alike providing the charge patrons pay according to the terms of the store.

5—Recommending Adoption of a Carrying Charge on All Charge Accounts Not Paid Within Sixty Days.

Be It Resolved, that this convention recommends the adoption of a carrying charge of $\frac{1}{2}$ of 1 per cent per month on all charge accounts not paid within 60 days from the first of the month following purchase.

6—Thanking the Fairchild Publications.

Be It Resolved, that this convention expresses grateful appreciation for the cooperation of the Fairchild Publications, New York City, in assigning Mr. Willard D. Hart, Retail News Editor, to cover the convention.

7—Condemning the Liberalization of Credit Terms.

Be It Resolved, that this convention regards as extremely dangerous the tendency to liberalize credit terms. It is recognized that such practices lead to continued unprofitable competition resulting in no advantage to the retailer.

8—Dissolving the Bureaus Holding Corporation.

WHEREAS, at the Washington, D. C., Convention in 1932, when the bureau members made plans to form the National Consumer Credit Reporting Corporation, some of the credit men thought it advisable that the National Retail Credit Association have control of the proposed Corporation, whereupon our counsel advised that National Consumer Credit Reporting Corporation was to be a corporation organized for profit, and that under our Charter we could not legally hold stock in a Corporation of that kind; and

WHEREAS, it was then decided to form a holding corporation, whose function would be to hold 51 per cent of the nonprofit-bearing stock of the National Consumer Credit Reporting Corporation, and

WHEREAS, the bureaus at the Memphis Convention in 1934 having decided to withdraw, there being no further need of a holding Corporation; and

WHEREAS, we failed at that time to surrender the Charter of the Holding Corporation, it is now advisable to instruct our Counsel to take legal steps to dissolve the Holding Corporation and return the 51 per cent of stock to the National Consumer Credit Reporting Corporation as soon as convenient, after the close of this Convention; and

WHEREAS, such action was discussed and decided to be recommended to this convention, by the Board of Directors of this Association at its regular meeting in the Hotel Seneca, Rochester, New York on Monday, June 17, 1935, and which action was approved by the members of the National Consumer Credit Reporting Corporation in regular session at the same place on Tuesday, June 18, 1935; therefore

Be It Resolved, that the Controlling interest of 51 per cent of the stock of the National Consumer Credit Reporting Corporation be surrendered and the holding Company dissolved; and

Be It Resolved, that this convention pass a vote of confidence and heartily approve the manner in which the National Consumer Credit Reporting Corporation has been conducted, and desires that the pleasant relationship which has heretofore existed, should continue.

(Continued on page 32.)

Your Washington News Bulletin

By R. PRESTON SHEALEY

Washington Counsel, National Retail Credit Association,
Colorado Building, Washington, D. C.



FOREWORD

REAL balancing of the budget may be in sight, since there is plain evidence here in Washington of a more rigid control over expenditures and an increasing willingness on the part of many to pay increased taxes if actual budget balancing can be accomplished.

Willingness of business men to tax themselves to preserve the government's credit may also serve to lessen unfair attacks through unwise proposals constantly being agitated in Congress. Such are among the trends developing as a result of taxation talk.

LEGISLATIVE

Bankruptcy Amendments

Public No. 60, this session, of May 15, amends Section B and subsection I of Section 2 of *Section 74* of the Bankruptcy Act to permit the court to appoint a trustee if the debtor defaults in extension payments and to liquidate the estate but prohibits such liquidation or an involuntary adjudication in the case of wage earners except with their consent.

Reorganization of railroad capital structures will be facilitated through revision of *Section 77B* now passing through Congress. Another bill, *H.R. 7858*, gives the Secretary of the Treasury power to accept or reject corporation reorganizations where the United States is a creditor or stockholder. Existing law giving the United States rights not possessed by individual creditors is said to have had an unduly harsh effect on some corporate reorganizations.

Senator Frazier and Representative Lemke introduced on June 5, *S. 3002* and on June 6, *H.R. 8383*, designed to cure defects in the former bankruptcy amendment resulting from the Supreme Court Frazier-Lemke decision. In a general way the new amendments provide for a three-year refinancing period under the control of the court at the end of which time, if the debtor has not been able to refinance his indebtedness (particularly mortgages), the debtor's property will then be subject to further regular bankruptcy proceedings, such as the appointment of trustee and liquidation.

The bills reduce filing fees to \$10.00 where the debtor's estate consists of household and personal effects. A number of other bankruptcy amendatory bills have been introduced but with not much chance of passage before adjournment.

Commerce Department Surveys

Hereafter business organizations desiring the Department of Commerce to make statistical studies or surveys

will not have to ask Congress for an authorization if they are willing to defray the cost. Previous Washington bulletins mentioned introduction of legislation for this purpose and on May 27, that legislation (*Public No. 74*) finally became a law. Frequently business has been willing to defray the expense of such studies in order to avail themselves of the government's superior facilities for making them but existing law did not permit the Secretary of Commerce to do so. It is otherwise now.

DEPARTMENTAL

Consumers' Purchases Classified

Austin, Texas, may point the way to increased efficiency in retail sales drives. The Department of Commerce study just released, with that city as the unit, shows percentages of merchandise purchased by various consuming groups.

It has been known for some time that sales of durable household merchandise, such as furniture, carpets, etc., have been at a low ebb but one difficulty in sales drives has been lack of definite information as to what classes of consumers have not been making such purchases. With accurate information on this point in hand, it is said that sales literature and other forms of merchandising can be devised to better advantage.

Credit Survey Broadened

Our retail credit survey is marching upward and onward—its popularity having been much enhanced by the monthly collection percentage reports. Your Washington office has been working with the Department of Commerce to broaden the scope of the survey, both by including lines not now reported on and by securing a larger percentage of reporting cities.

Preliminary investigations completed by the Department indicate success in both directions. Additional retail lines will be shown on the blanks now in course of preparation and field workers are expected to increase the number of firms reporting.

COURT DECISIONS

Supreme Court "New Deal" Decisions

Most everybody has heard of the Schechter, Frazier-Lemke and Humphrey decisions of May 27, but many do not clearly understand their import. Summarized, the Schechter code decision holds that Congress cannot delegate legislative jurisdiction or power to the executive except within definitely defined lines and that the interstate commerce clause of the Constitution includes only intrastate transactions directly affecting interstate commerce.

(Continued on page 29.)



Opportunities for Promoting Credit Sales

By JOHN D. KEMPER

General Credit Manager, Mandel Brothers, Chicago; President,
Thirteenth District, National Retail Credit Association

THE door of opportunity (to promote credit sales) is probably open wider to the credit manager than to any other one individual in a store organization. The appellation of Credit Sales Manager might be carried even a step further to the title of Credit Sales Promotion Manager.

In many instances a customer's first contact with the firm is made through applying to the credit manager for a charge account, and the reception he accords the applicant reflects the character of the entire business. First impressions are usually the most lasting, and if a new patron experiences courtesy and friendliness on the part of the credit manager during the first interview, the store usually gains a permanent customer and friend.

This courtesy should not be limited to the first interview, however. Make it a point to rise when a customer enters, shake hands with those of the masculine gender, and smile always. Too long has the credit manager been looked upon as a cloven-hoofed, two-horned monster with a spiked appendage.

The subject of soliciting new and inactive accounts has been worn almost threadbare, and I daresay you all have done this form of promotion, and will continue to do it in one form or another with more or less regularity, and to some degree of success. I want to touch briefly, however, upon that opportunity for credit sales promotion that continually knocks at your office door and is so seldom heard, and if heard, so seldom beckoned to enter.

Assume for the moment that Mrs. So-and-so owes you a past due account of \$50.00 that you have been obliged to call to her attention. She enters your store and purchases a pair of shoes for \$10.00. When the purchase is referred to you for approval, your first thought may be to send for her to come to your desk, or you may feel it necessary to go to the Shoe Department and speak to her about it, according to your customary store policy.

This might produce the desired result, and you might convince her the account should not be increased. You might even succeed in obtaining a payment from her on account. But, alas, you might also embarrass and mortify her before the woman friend she may possibly have with her—to say nothing of the salesman who takes a genuine delight in standing as near as possible to the battle-front, all eyes and ears, in order not to miss the choice morsel of gossip he can repeat later to the edification of his less fortunate coworkers.

This would be an especially delicate situation were she to have the shoes already on her feet, as is many

times the case. Her first and natural reaction would be one of resentment, and her first impulse to request the salesman to remove the shoes, and depart from the store in high dudgeon, firmly resolved never to enter your establishment again.

Now, why not handle the situation more diplomatically? Why not approve the purchase as soon as it is referred to you? If she is good for the \$50.00 she already owes, surely she must also be good for \$60.00. You feel confident you are going to collect the account eventually, and by adding another purchase you are increasing your ultimate chance of loss very little. At the same time you are increasing your sales to her by 20 per cent. Therefore, "okey" the sale, and on the following day drop her a friendly little note, thanking her for her continued patronage, and asking for the payment she has no doubt inadvertently overlooked, in order that you may be in a position to approve more purchases—a definite promotion of more business.

The above example could be amplified by citing many others similar in character, but one should suffice to illustrate the soundness of a liberal policy in credit sales promotion. If this is done from the inception of an account into the delinquent stage, that account should never reach the point where it would be considered dangerous to increase it by adding more purchases.

Of course, there are exceptions, but 99 per cent of your patrons are inherently honest and want to pay their bills promptly; they want to treat their credit as a sacred trust. Therefore, be liberal with them, educate them to the idea that you are willing to sell them all the merchandise they can buy as long as they can pay for it reasonably within your terms.

Editor's Note:

This article is from a paper read before the Twenty-Second Annual Convention of the National Retail Credit Association—Rochester, N. Y., June 18-21, 1935.

Other papers on this subject—by G. D. Harris, The May Company, Baltimore, Md.; H. J. Schrupp, McKale's, Inc., San Francisco, Calif.; and H. G. Orndorff, B. Lowenstein & Brothers, Memphis, Tenn.—will appear in later issues.

Do not bribe your customers into paying. I have seen a mother browbeat her son into practicing his piano les-

(Continued on page 31.)

When New England Credit Men Convened in Swampscott

MAY 15, 1935

Three Capital Cities, Hartford, Providence and Boston
Had Bureau-Connected Telaarographs With 24 Stores!!

DURING THE FOLLOWING WEEK

Two additional stores demanded and received telautograph service!

(AND YET THEY CALL NEW ENGLAND "CONSERVATIVE")

24 bureaus and 155 great stores now have Telaarographs!!

(COMPARED WITH NONE IN 1928)

They no longer use oxcart methods—They speed up sales!!

(DELAYED ACTION ON NEW ACCOUNTS SLOWS UP SALES)

Is the name of your bureau or store included in the list below?

Associated Retail Credit Men & Credit Bureau, St. Louis, Mo.	14	stores
Credit Bureau of Dayton, Inc., Dayton, Ohio	10	"
Milwaukee Association of Commerce, Milwaukee, Wis.	12	"
Merchants Credit Association, Memphis, Tenn.	5	"
Credit Bureau of Greater New York, New York, N. Y.	27	"
Retail Merchants Association, Norfolk, Va.	5	"
Cincinnati Retail Merchants Credit Bureau, Cincinnati, Ohio	9	"
Credit Service Exchange, Atlanta, Ga.	1	store
Hartford Credit Rating Bureau, Inc., Hartford, Conn.	5	stores
Mutual Credit Rating Exchange, Inc., St. Paul, Minn.	6	"
Providence Credit Bureau, Providence, R. I.	6	"
Merchants Red Book Company, Dallas, Texas	10	"
Retail Merchants Association, Fort Worth, Texas	7	"
Merchants Credit Bureau, Inc., Boston, Mass.	15	"
Merchants Association Credit Bureau, Inc., Kansas City, Mo.	2	"
Retailers Credit Association, San Francisco, Calif.	6	"
Retail Merchants Credit Bureau, San Antonio, Texas	1	store
Leslie's Albany Credit Bureau, Albany, N. Y.	1	"
Reading Credit Exchange, Reading, Pa.	1	"
Toronto Credits, Ltd., Toronto, Canada	1	"
Credit Reference Exchange, Inc., Chicago, Ill.	4	stores
Retail Merchants Association, Tulsa, Okla.	4	"
Associated Retail Merchants & Credit Men's Bureau, Inc., Indian-		
apolis, Ind.	1	store
Merchants Association, Indianapolis, Ind.	2	stores

Average Cost—Bureau—Store Service About \$1.00 Per Day!!

Send for Our Man Now! No Obligation—Of Course

TELAUTOGRAPH CORPORATION

16 W. 61st St., New York City

Credit News Flashes--

Personal and Otherwise

Mrs. Lucinda W. Prince

Mrs. Lucinda W. Prince, head of the Prince School of Retail Education, Boston, Mass., died Friday, June 14, after a short illness.

Many of our members will remember her for her outstanding work in the training of retail store personnel.

E. D. Lingold

His many friends throughout the Association will regret to learn of the sudden death of Mr. E. D. Lingold, Manager of the Merchants Credit Association, Texarkana, Ark.

Mr. Lingold died July 7, in a hospital at Meridian, Miss., as a result of injuries sustained in an automobile accident in that city. (It seems he was returning from a trip through Florida when the accident occurred.)

Personal Notes

M. G. Riley, Secretary-Treasurer of the Retail Credit Association, Kansas City, Mo., is now back at his desk after having been in the hospital (since the convention) suffering from a severe strain of a tendon in his back. His many friends the country over will rejoice with us, we know, in his speedy recovery.

Adolf Grasso, Secretary of the San Antonio Retail Merchants Association, is back at his home, on the road to recovery, after having been in the hospital for several weeks.

Because of his illness, Mr. Grasso, a familiar figure at National conventions, was unable to attend the Rochester Convention, where he was missed by his numerous friends of the credit fraternity.

E. G. McIntire, Secretary-Manager of the Credit Reference and Reporting Co., Des Moines, Iowa, is seriously ill in Vancouver, B. C., according to a report received by the National Office.

He is suffering from pneumonia contracted while on a vacation. Last reports were that he had successfully passed the crisis but is still very ill.

So many requests were received for copies of the research studies listed in the June issue of The CREDIT WORLD that the supply has been exhausted. A new supply is being prepared and will be sent to those requesting copies as soon as ready for distribution.

Important Warning!

A Pittsburgh (Pa.) member writes: "Be on the lookout for checks signed 'Gordon Dunbar,' address given as 2336 Calhoun Ave., New Orleans, La. Check drawn on Whitney National Bank, New Orleans, returned marked 'No Payment.'"

Presentations to Retiring President Reed

A surprise event of the Rochester Convention was the presentation to retiring President Reed of a beautiful Parker pen set (with appropriate inscription).

This was a voluntary presentation on behalf of the individual members of the retiring Board of Directors.

He was also presented with a very elaborate and efficient fishing outfit by his bureau manager and credit manager friends.

The new "gold" membership sign of the National Retail Credit Association should be hung in a prominent place by every member.

It also provides an effective sign for local association use (by imprinting the name of the local in combination with the National shield). See page 31, June CREDIT WORLD, for prices and details.

Portland Well Represented at the Northwest Conference

Fifty members of the Portland (Ore.) Retail Credit Association chartered a special bus and attended the Northwest Annual Conference at Seattle, Wash., May 13 and 14. Included in the Portland group were delegates to the Northwest Conference of Credit Women's Clubs, which met at the same time.

In charge of the delegation were A. S. Cohn, President of the Association; John N. Keeler, local bureau manager; and B. B. Cantor, head of the local adjustment department. (All three were on the program.)

Portland was well in the limelight at this conference: Grant C. Braman of Bedell's was elected as National



Director representing the newly formed Tenth District of the National Retail Credit Association. The Northwest Council of Credit Women's Breakfast Clubs elected Edith Shaw Johnson as Honorary President and Miss Evelyn Karr as Treasurer.

The Bureau Managers Group elected John N. Keeler as alternate representative (N. C. C. R. C.) to the National Convention.—B. Abrams.

Retail Credit Sales Control

(Continued from page 15.)

credit departments is reduced below safety numbers for practical results; the payroll figures being paramount to possible losses through lack of credit control. It is a semibelief in the worn-out phrase that "98 per cent of the people are honest."

It is similar to the attitude of our slacker-pacifist propagandists, who would like to discharge our Army, Navy and Marine Corps—an action that would leave our eight billions of dollars gold reserve open to the application of our motto, "In God We Trust."

Unfortunately for us, the great soviet government dictator does not believe in God and keeps up an army of several millions (including its three-year reserves), and so it might be well for us, as a nation, to think of Oliver Cromwell and follow his advice to his men, "Trust in God—but keep your powder dry"; and, as retail credit men, to control our credit and to keep our red entries low.

One of the first considerations in the matter of collecting an account is to determine a definite due date, and the definite due date should always be a part of a Community Credit Policy.

The greatest drawback, in many communities, to the adoption of such a policy is *competition in terms*, but even in such competition, each competitor must have a definite due date upon which to follow up an account, in order to determine when it is overdue. *The adoption of a community credit policy eliminates competition in terms.*

Some years ago, I told a group at one of our conventions that competition in retail terms would soon become the greatest factor in slowly but surely driving the credit terms of the big stores of the country toward installment selling—sometimes called budget accounts. Today, more than ever before, the tendency is gaining impetus in that direction. It is worthy of note that greater control of credit exists in installment selling than on open charge accounts!

Collection clerks, collection supervisors—or, as some stores designate them, "divisional credit managers"—are important factors in credit sales control. Many of them believe, as do many installment credit managers, that "the only good account is a paid account," because when an account is paid, the possibility of an immediate purchase on it is greater than during any period of its "overdueness," from ten days overdue, upward.

The bad effects of a lack of credit—charge—control is known thoroughly to every experienced credit department collection worker (and its direct influence on the good will of the store). As an example of it, I call your attention to any one of the many systems, lacking control, that will permit, unknown to the credit manager, the delivery of a portion of the purchases of a customer and the nondelivery of other purchases, frequently of smaller amount.

Of course, the goods would not be held if the account were good, and when personal contact occurs in connection with the account—which is usually accomplished very promptly by the customer—one of the first blasts of fury relates to the "incompetency" of the credit department; "incompetency" (it needing more brains and less avoidupois) in having held some of the purchases, usu-

ally the wrong ones, and delivering others, usually, also, the higher priced ones.

Peculiarly, some of the store management, when they hear of such cases, think the same as the irate customer, even to the extent that said overdue customer would not have been "held up" by the store's nearest competitor. The blame for such things, and they happen in stores everywhere, big and little, shapen and misshapen, is that the authorization system is operated on the basis of a low pay roll and a consequent higher loss through lack of credit control. Yet, a store pay roll must be within the store budget and in itself is a very bothersome thing, although its system of control is—but why talk about budgets—the example of nonbalancing national budgets, both in the European and American continents, is well known to every credit worker.

Even though credit education in the matter of real credit sales control is developing at a snail's pace, yet there is hope that new office helps may be devised and—added to a higher and saner understanding of the many complexities and intricacies of credit work—will aid in perfecting credit sales control and its contingent upbuilding of store good will.

Your Washington News Bulletin

(Continued from page 25.)

A bankruptcy amendment, so the Frazier-Lemke decision holds, cannot take away rights in specific property of substantial value except through eminent domain proceedings and under which proceedings, through taxation, "the burden of the relief must be borne by the public."

The Humphrey decision, concerning the removal from office of the late Federal Trade Commissioner Humphrey (the same gentleman who addressed the Nashville National Retail Credit Association Convention), is construed as meaning that the power of executive removal still extends to postmasters and other executive officers but, except for cause, not to officials with definite terms of office exercising quasi-legislative and quasi-judicial power.

Deductibility-Tax Losses

A man was adjudicated bankrupt in 1934 and turned over to the trustee his assets consisting of real estate, stocks and bonds. He requested a ruling as to the deductibility for income tax purposes of the cost of such assets.

The ruling of the Commissioner of Internal Revenue is that "a taxpayer may not deduct as a loss in computing his net income the cost or other basis of property turned over by him to a trustee in bankruptcy to be applied in payment of his indebtedness in accordance with the provisions of the National Bankruptcy Act."—*T.D. I.R.Bull. Vol. 14, No. 24, June 17, 1935, p. 2.*

Position Wanted

Capable credit and collection manager. Many years' wholesale experience. Eleven years' experience as department store Credit and Collection Manager. Address Box 72, Credit World.

More Business from Present Customers

(Continued from page 11.)

"I buy there occasionally but have bought more generally from the 'X' Store." "Well, from now on buy all you can from this store and show them you appreciate the interest they have shown in recognizing your prompt-pay record with them."

She told this story to a person in the credit department—said she intended to follow the suggestion of her husband—and purchased merchandise to the amount of \$87.50 that afternoon to prove she meant what she said! (Her 1934 account was approximately \$120.00 for the year.)

For months after this letter was sent, there were favorable comments made at the credit department, to the cashiers, floormen, salespeople and executives—just as the customer might happen to think of it and wished to express her appreciation for the letter.

It has proved the real value of making a direct contact of this nature through direct mail. Each year a repetition of this effort will be made and thereby create a desire on the part of this store's best charge customers to do the maximum amount of buying on their accounts throughout the year.

In most department stores the ready-to-wear sections are the most important parts of the organization. The assumption is naturally made, therefore, that most of the store's customers patronize these departments. Whether or not this assumption is valid can readily be determined accurately for the first time by the use of the customer control system.

The results of such research are quite likely to be surprising. It is not improbable that they will indicate a very large number of active charge customers who have not made a single purchase in the coat or dress department. Such a condition opens up an excellent opportunity for some really worth-while promotional work.

For the purpose of soliciting business in the wearing-apparel departments, various types of letters may be used. The following letter was sent to a large group of customers after the first of the year:

Dear Mrs. Brown:

You favored Parkers very generously last year, for which we thank you very much. Our customers in every sense of the word are our best friends; they help to make our success a reality.

Our constant effort is directed to serve our customers intelligently and to give them the best we have in every possible way.

I am taking the liberty of calling your special attention to a few departments that are worth your consideration and which were not represented in your transactions last year.

These departments (ready-to-wear, shoes and millinery) are three of our strongest departments. The recent change in the management of our ready-to-wear department has been already reflected in the many changes in styles and values in the new suits, coats and dresses for spring.

The Shoe and Millinery departments are unusually complete both as to price range, styles and values. I am sure your consideration of them for 1935 will be to our mutual advantage.

Cordially yours,

Careful tabulation of the returns derived from the sending of this letter showed that of those customers to whom the letter had been sent 52 per cent resumed buying in one or more of the departments. Thirty days later, a follow-up letter was sent to those who had received the first letter, but had not as yet made any purchase in the departments mentioned.

A second check-up revealed the fact that of those customers who had received both letters, 43 per cent resumed buying in the departments mentioned within a relatively short period of time, a total return of 73.5 per cent activity in these three departments.

While the expense involved in personalizing and mailing such letters is rather high, the unusual satisfactory returns more than offset the extra cost. Moreover, the amount of good will created among customers when they realize how interested you are in their buying habits cannot but result in tying them closer to the store, and ensuring a continuance of pleasant business relations.

The information supplied by the customer control system can be readily adapted to countless other types of promotional work. For example, in the staging of some direct merchandise or departmental promotion, the control record furnishes the information necessary to select that group of people whose buying habits render them more apt to respond favorably to a certain type of sales message. This ensures the greatest possible percentage of return—by eliminating from the mailing list those customers on whom sales effort (for a particular class of merchandise) would be wasted.

I could relate many instances of how customer control records in the credit office can be utilized to the best possible advantage in selecting a group of customers for direct promotional purposes.

Another interesting feature of results obtainable through the customer control system arises in connection with the promotion of business from other members of the customer's family. In most department stores, the charge accounts are carried in the "Mrs." name. It will not take long to determine which of your customers have husbands or other masculine family members to whom the promotion of the men's apparel division can quite suitably be made. This can be done in the manner suggested in the following letters: (*Only one of the two letters is shown here.—Editor*).

Dear Sir:

We have made special efforts to provide the type of clothing and furnishings which you will be looking for this spring. They are all of standard "Parker" quality at the new low prices which have put *first quality* merchandise within the reach of all. Come in to see the new spring apparel. The amount of quality which can be purchased for so little will surprise you. Here are some examples:

"Kuppenheimer" new value two trouser suits, tailored to fit as well as for long service, are now priced at \$35 and \$40. Also, "Parkhurst" suits which give maximum quality at a minimum price, \$25 and \$30.

"Knox" fine felt hats, in the new spring shapes and shades—the same quality that has made them so famous for years—priced at \$5, \$6, \$7, and \$10. "Parkhurst" felts are an unusual value at \$3.50.

"Nunn-Bush" ankle-fashioned oxfords are to be had in the usual excellent quality—but at prices which are

the lowest in the history of this company—\$6.50, \$7.50, \$8.50.

We are glad to extend to you a Special Clothing account—just ask to have your charges marked "Special."

Yours very truly,
General Manager.

The results obtained from these letters were exceptionally fine. The first was sent to a list of 1,950 accounts, which had never made purchases in the men's furnishings or clothing departments. From this letter, 53 accounts were opened in the "Mr.'s" name—with total sales of \$1,772.00—within thirty days. Total direct cost of this promotion was \$1.28 per account opened or 3.7 per cent. As these sales represented business from men who never before had traded in the men's departments, the cost was certainly within reason.

The second letter sent to 300 former patrons of the men's clothing department whose account records showed that they had failed to make purchases there recently resulted in a return of 12 per cent in two days, for a total sales volume of \$1,365.00.

The use of the customer control system can readily be extended to cover a wide field of special promotional work. The control cards themselves can be classified, and filed in numerous different ways so as to provide information of a very important and productive nature.

May I submit, as evidence of the favorable results which may be derived from the concerted effort of promoting additional business through present accounts, the statement that *96.47 per cent of our increase in sales volume for our fiscal year of 1934 was in our Credit Sales?* Also, that for the first four months of our present fiscal year of 1935, we have actually shown a *decrease in Cash Sales Volume*, although a very favorable *increase in total business* for this year so far, all to be accounted for in the *increase in our Credit Sales Volume*.

Promoting Credit Sales

(Continued from page 26.)

son by a promise of candy or some other tidbit. The lesson is a burden because the vision of the reward dangles constantly before him. How different is the child who practices diligently and interestedly, and then is surprised later by a reward he did not look for or expect.

Treat your customers in the same manner. The patron who is continually browbeaten into paying because she knows she must pay in order to get more merchandise, is a decided contrast to the one who knows she can buy freely, and having bought, expects to pay for it when due. Her reward is the pleasure of trading in such a delightfully friendly and courteous shop.

I hold that the soliciting of new and inactive accounts, while undoubtedly important, can be carried on to the crack of doom, *but the continuous soliciting of the customers now on your books*, through friendliness at their approach, fair-mindedness in their complaints, sympathy in their troubles, assistance in their problems, and courtesy at all times, will return you far greater dividends, for the customers on your books are your greatest assets.

That, my friend, is what I consider to be a really worth-while promoting of credit sales!

The Advantages of a Community Credit Policy

(Continued from page 6.)

statements convinces the buying public of the cooperation between retail credit departments in our stores.

Item 7: Although every store has its own methods of acknowledging new accounts, these acknowledgments should be accompanied by a copy of the "Community Credit Policy."

Item 8: While, in many stores, the C.O.D. Department is not under the jurisdiction of the Credit Department, the "Community Credit Policy" should include certain rules regarding lay-aways such as minimum cash payments and forfeiture of payments; also the length of time merchandise can be held.

Item 9: Due to the service charge on bank checks, many credit policies include a small uniform charge for cashing checks, not given for merchandise or on account.

Item 10: The presentation, to the buying public, of a "Community Credit Policy" is most important. On its adoption, it should be well advertised in the newspapers by either the Local Credit Association, the Merchants Association, or those merchants actually subscribing. This should be done well in advance of the "effective" date, and enclosures with monthly statements should be sent at least sixty days before that date.

Our first newspaper copy, which was reproduced for statement enclosures, is reproduced with this article.

Endorsements from public officials, civic and labor leaders and executives of various business lines, together with customers' letters of reaction, make fine publicity. These can be reproduced in newspaper advertisements following the original announcement.

On the last statement mailed before an interest charge becomes due, the customer should be given an opportunity to pay any past-due balance by receiving a definite notice, such as the following—for which we use a rubber stamp:

"Included in the total due on this account there remains an unpaid balance of \$_____ for merchandise purchased over 60 days ago.

"This amount will entail a service charge if not paid by the tenth of this month."

The customer receives this ten days' notice, which has proved the most efficient collection reminder ever used. Its advantage is proved by many remittances for the stated amount.

In closing, I wish to assert that the "Community Credit Policy" has met with such widespread approval and so little adverse criticism that many managers of credit sales have asserted that they would continue these policies in their own organizations—even without their fellow-merchants. I hope that from these discussions, additional local associations will institute more "Community Credit Policies," toward the end of eventually establishing a nation-wide "Credit Policy."

» » »

Would you like to have the outstanding addresses of the Rochester Convention—the "highlights" of the Convention—in book form for ready reference? For complete details see announcement elsewhere in this issue.

Convention Resolutions

(Continued from page 24.)

9—Condemning the Practice of Allowing Discounts to Cash or Prompt-Pay Customers.

WHEREAS, it is the desire of the credit sales managers assembled in the group meeting of department stores to foster and develop the prompt payment of accounts; therefore

Be It Resolved, that this convention of the National Retail Credit Association go on record as opposed to the allowance of a discount to cash or prompt-pay customers.

10—Regarding Conflict in Dates of the National Convention and Other Conventions.

Be It Resolved, that the National Retail Credit Association confer with the National Association of Credit Men and the National Retail Dry Goods Association for the purpose of arranging the dates for their respective annual conventions next year so they will not conflict.

Subscription Blank

In accordance with the offer on the back cover of the June issue of *The CREDIT WORLD*, you are hereby authorized to enter "educational subscriptions" for *The CREDIT WORLD*, for one year, at \$2.00 a year, for those whose names are listed below, all of whom are members of the personnel of this organization, *in this city*, which is a *bona fide* member of the National Retail Credit Association.

Check enclosed ----- Send bill -----

Member -----

Address -----

By -----

LIST OF SUBSCRIBERS:

Name -----

Address -----

Name -----

Address -----

Name -----

Address -----

Name -----

Address -----

Name -----

Address -----

Name -----

Address -----

Name -----

Address -----

Name -----

Address -----

Note: Subscriptions for branch stores not accepted.

11—Thanking Mr. Poindexter for Preparation of Forms Exhibit.

WHEREAS, Mr. R. H. Poindexter, Chairman of the Forms Committee, has spent considerable time and effort in preparing forms which are on exhibit at this convention and will also be sent around the country to the various District meetings; therefore

Be It Resolved, that we extend to Mr. Poindexter our sincere thanks and appreciation for his efforts in preparing this valuable set of forms.

12—Thanking Dr. Dickinson for Address At Annual Banquet.

WHEREAS, the Honorable Dr. John Dickinson, Assistant Secretary of Commerce, gave an interesting and instructive address before our annual convention; therefore

Be It Resolved, that we extend to Dr. Dickinson our sincere thanks and appreciation for his efforts in our behalf.

Placement Service Has Number of Applicants Seeking Positions

The *Placement Service* of the National Retail Credit Association has on file a number of applications from members seeking positions as credit executives, assistants, etc. For instance:

"Position Wanted.—Experienced credit and collection executive, age 40, steady and reliable. Can develop your credit exchange, rendering best service to your members. Have successfully owned and operated credit exchanges. References. Address, Box 71, *Placement Service*, N. R. C. A."

The *Placement Service* will appreciate the cooperation of members in placing its facilities before employers of credit personnel.



a pleasant place to stay
in **CHICAGO**

The new gaiety reaches its fullest measure at Hotel Atlantic... Right in the heart of the Loop with everything of interest at hand—yet quiet and peaceable as can be in your room.

450 Rooms from \$2.00 Daily

WITH BATH

ERNEST C. ROESSLER
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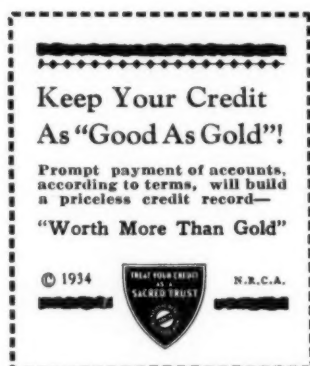


CLARK STREET AT
JACKSON BLVD.

HOTEL ATLANTIC

Try the New "Gold" Series Stickers!

Printed One Color - - on Special Gold Paper - - Actual Size*
(1 3/4 in. x 2 in.) - - Five in the Series - - Price \$3.00 per Thousand



Also--

The New Insert (RIGHT)

for use with your
statements and
correspondence

Printed in two colors—red and black—on white paper. Actual size—3 1/2" x 6"—to fit statement envelopes.

A timely message—to fit the times!

Price
\$2.50

Per Thousand
Postpaid

*Exact size of all forms shown by dotted lines.



Let's Keep the Wheels Turning!

THE National Recovery Program has gone a long way in relieving unemployment. The Government is constantly developing new public works projects—to put people back to work. Slowly but surely conditions are improving and the wheels of industry beginning to turn again.

Let's keep the wheels turning! Credit, properly used—money in circulation—these are the dynamos of recovery. And the use of individual credit will help just as much as the use of national credit!

If every American citizen would make a patriotic effort to pay up all his bills—it would put billions of dollars into circulation. Money that could be used to buy more merchandise—stimulate production—and put millions back to work!

*That's the quickest way
to relieve unemployment!*

National Retail Credit Association

Executive Offices

St. Louis, Mo.



And - - at the Left - -

The New "Gold" Emblem Sticker

For use on letters—statements—anywhere! Dignified—attractive reminders. Printed in one color on Special "Gold" paper.

Try them on "first" collection letters!

Price \$1.50 per Thousand

Order from Your Credit Bureau or the National Office

Now--There Are Only Five Stickers-- In the "Standard" Sticker Series

There are now only five stickers in this series, as shown below. This facilitates handling orders for small assortments. Orders may be assorted in units of 100 (or multiples thereof) of each sticker. Minimum order, 1,000. Prices: 1,000 of any one sticker, \$2.00--1,000 assorted, \$2.50. (Small lots--less than 1,000 assorted--50 cents per 100)



Order from Your Credit Bureau
or the National Office



Use the "National" Inserts

(Shown Below)

"Credit-explanation" as well as "credit-education" is the mission of these little enclosures. Used with statements and collection correspondence, they explain the reasons for prompt payment, courteously and impersonally.

Printed in two colors--red and black--on a good grade of white paper. Actual size, 3 1/8 x 6 inches. (Reproduced below one-half size.)

PRICE, \$2.50 PER THOUSAND

The "Who's Who" of Business

NOT all of us have our names recorded in "Who's Who" or the Social Register but--

All of us, whether in high or low estate, are catalogued in the "Who's Who" of Business--the records of the Retail Credit Bureau.

Here on a little card is kept the life history of your credit record--of how you meet your obligations or don't.

"Prompt Pay," the highest tribute in the "Who's Who" of Business, is the record of those who pay retail bills on the 10th of each month.

National Retail Credit Association

Executive Offices

Saint Louis

The 10th of the Month Is Merchants' Pay Day!

THE retail merchant is a public servant. He serves you faithfully and well and, like any other faithful servant, expects his payment when due.

Retail charge accounts today are based on standard monthly terms:

Each month's charges are due on the 10th of the following month.

Whether you are an employer or an employee, you know what "pay day" means!

The 10th is the merchant's pay day. Pay him promptly. Prompt payments promote prosperity and protect your credit.

National Retail Credit Association

Executive Offices

Saint Louis

Credit is Faith in Humanity

CREDIT--derived from the Latin *credo*: I believe--is based on faith--faith in people--faith in their character and determination to, as Emerson says, "pay every debt as if God wrote the bill!"

And he who justifies that faith, who pays his bills according to terms and promises, builds a credit record that is priceless.

Credit, never abused, is never refused. Pay retail bills promptly.

National Retail Credit Association

Executive Offices

Saint Louis

"O.K."-- What it means

THAT little notation, "O.K.", on your charge slips, is the badge of honor of the retail charge account.

It means that your credit is good--that you pay your bills promptly and according to promises.

It means that the merchant has confidence in your integrity.

"O.K." is the index of your credit record. Protect it and preserve it--pay retail bills promptly.

National Retail Credit Association

Executive Offices

Saint Louis

